

removal of the Burlington regional office of the Veterans' Administration; to the Committee on World War Veterans' Legislation.

906. By Mr. JAMES: Resolution of the Common Council of the City of Bessemer, Mich., heartily endorsing House bill 4801, which bill releases the States, Territories, municipalities, and political subdivisions from the obligation to repay relief funds received under title I of the Emergency Relief and Construction Act of 1932, and for other purposes; to the Committee on Banking and Currency.

907. Also, resolution of the Fritz Fredrickson Post, No. 350, of Ramsay, Mich., recommending the elimination of all interest accruing on loans received by veterans on adjusted-compensation certificates; to the Committee on Ways and Means.

908. By Mr. JOHNSON of Texas: Resolution of East Texas Chamber of Commerce, concerning crop-production loans in Texas; to the Committee on Agriculture.

909. By Mr. KENNEY: Petition of the American Legion Auxiliary, Department of New Jersey, in executive committee assembled, representing every county in the State, and composed of the mothers, wives, sisters, and daughters of members of the American Legion, protesting against the closing of the Lakehurst Naval Training Station, and in addition petitioning the President of the United States, the Secretary of the Navy, and its representatives in Congress to continue to retain in commission the Lakehurst Naval Station as a necessary element of national defense; to the Committee on Naval Affairs.

910. By Mr. LAMBERTSON: Petition of Greely Robinson, of 213½ Oak Street, Leavenworth, Kans., and signed by a number of other citizens of Leavenworth, protesting against the Black 30-hour work bill; to the Committee on Labor.

911. By Mr. LEHR: Memorial of the Legislature of the State of Michigan, pertaining to the proposed change in the status of the National Guard of the State of Michigan and protesting such action on the part of the National Government; to the Committee on Military Affairs.

912. By Mr. LINDSAY: Petition of Albert A. Hovell, of New York City, favoring passage of the Sirovich resolution to investigate the motion-picture industry; to the Committee on Interstate and Foreign Commerce.

913. Also, petition of Fritzsche Bros., Inc., New York City, concerning a new bill to replace the existing Food and Drugs Act; to the Committee on Interstate and Foreign Commerce.

914. Also, petition of the Eastern Lithographers' Association, New York City, opposing the Black and Connery bills; to the Committee on Labor.

915. Also, petition of Aerovox Corporation, Brooklyn, N.Y., opposing the 30-hour week bill; to the Committee on Labor.

916. Also, petition of Democratic Veterans Organization of Kings County, J. B. Milgrim, secretary, Brooklyn, N.Y., urging creation of board of review on cases of hospitalized veterans now being discharged from Government hospitals; to the Committee on World War Veterans' Legislation.

917. By Mr. McFADDEN: Resolution of the Senate and House of Representatives of Pennsylvania, that the Congress of the United States reject any legislation to compel blending alcohol with gasoline; to the Committee on Ways and Means.

918. By Mr. MERRITT: Petition of sundry citizens of Greenwich, Conn., protesting against legislation to require the blending of alcohol and gasoline; to the Committee on Ways and Means.

919. By Mr. RICHARDSON: Petition signed by 49 commissioned officers of the Army Reserve Corps, residing in or in the vicinity of Reading, Berks County, Pa., strongly opposing the proposed reductions in commissioned and enlisted personnel of the United States Army; to the Committee on Military Affairs.

920. By Mrs. ROGERS of Massachusetts: Petition of the One Hundred and Fourth United States Infantry Veterans' Association, condemning further cuts in veterans' appropriations which would eliminate all Veterans' Administration re-

gional offices; to the Committee on World War Veterans' Legislation.

921. Also, petition of the One Hundred and Fourth United States Infantry Veterans' Association, American Expeditionary Forces, recommending that the name of Rev. William J. Farrell, late chaplain of the Twenty-sixth Division war units, be placed above the portals of the veterans' hospital in Bedford, Mass.; to the Committee on World War Veterans' Legislation.

922. Also, petition of the One Hundred and Fourth United States Infantry Veterans' Association, American Expeditionary Forces, condemning the new regulations governing reductions in compensation to disabled veterans and widows and orphans of veterans as too drastic, and urging the President and the Congress of the United States to amend and liberalize said regulations; to the Committee on World War Veterans' Legislation.

923. By Mr. RUDD: Petition of Albert A. Hovell, vice president of the Century Circuit, motion-picture industry, Brooklyn and Long Island, favoring the passage of the Sirovich Resolution 95, to investigate the motion-picture industry; to the Committee on Interstate and Foreign Commerce.

924. Also, petition of Democratic Veterans' Organizations of Kings County, Brooklyn, N.Y., strongly urging the creation of a board of review on cases of hospitalized veterans now being discharged wholesale from Brooklyn, naval, and other Government hospitals; to the Committee on World War Veterans' Legislation.

925. Also, petition of the Eastern Lithographers Association, New York City, opposing the passage of the Black and Connery bills, S. 158 and H.R. 4557; to the Committee on Labor.

926. Also, petition of Aerovox Corporation, Brooklyn, N.Y., opposing the passage of the 30-hour-week legislation; to the Committee on Labor.

927. By Mr. SUTPHIN: Petition of the American Legion Auxiliary, Department of New Jersey, protesting against the closing of the Lakehurst Naval Air Station and urging that it be continued in commission as a necessary element of national defense; to the Committee on Naval Affairs.

## SENATE

MONDAY, MAY 8, 1933

(Legislative day of Monday, May 1, 1933)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

### MESSAGE FROM THE HOUSE OF REPRESENTATIVES

The VICE PRESIDENT. The Senate will receive a message from the House of Representatives.

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H.R. 5390. An act making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1933, and prior fiscal years, to provide supplemental appropriations for the fiscal years ending June 30, 1933, and June 30, 1934, and for other purposes; and

H.R. 5480. An act to provide full and fair disclosure of the character of securities sold in interstate and foreign commerce and through the mails, and to prevent frauds in the sale thereof, and for other purposes.

### CALL OF THE ROLL

Mr. ROBINSON of Arkansas. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Bankhead	Bratton	Byrnes
Ashurst	Barkley	Brown	Capper
Austin	Black	Bulkley	Caraway
Bachman	Bone	Bulow	Carey
Bailey	Borah	Byrd	Connally

Coolidge	Gore	McGill	Sheppard
Copeland	Hale	McKellar	Shipstead
Costigan	Harrison	McNary	Smith
Couzens	Hastings	Metcalf	Steiner
Cutting	Hatfield	Murphy	Stephens
Dale	Hayden	Norbeck	Thomas, Okla.
Dickinson	Hebert	Norris	Thomas, Utah
Dieterich	Johnson	Nye	Townsend
Dill	Kean	Overton	Trammell
Duffy	Kendrick	Patterson	Tydings
Erickson	Keyes	Pittman	Vandenberg
Fess	King	Pope	Van Nuys
Fletcher	La Follette	Reed	Wagner
Frazier	Logan	Reynolds	Walcott
George	Loung	Robinson, Ark.	Wheeler
Glass	McAdoo	Robinson, Ind.	White
Goldsborough	McCarran	Russell	

Mr. AUSTIN. I announce the absence for the day of the junior Senator from New Jersey [Mr. BARBOUR] on account of illness.

Mr. KENDRICK. I wish to announce that the Senator from Missouri [Mr. CLARK], the Senator from Illinois [Mr. LEWIS], the Senator from Louisiana [Mr. LONG], and the Senator from West Virginia [Mr. NEELY] are necessarily detained from the Senate. I ask that this announcement may stand for the day.

I also wish to announce that the Senator from Massachusetts [Mr. WALSH] is necessarily detained in Massachusetts on official business.

The VICE PRESIDENT. Eighty-seven Senators have answered to their names. A quorum is present.

#### MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States submitting nominations were communicated to the Senate by Mr. Latta, one of his secretaries.

#### THE USE OF ALCOHOL FROM FARM PRODUCTS IN MOTOR FUEL (S.DOC. NO. 57)

The VICE PRESIDENT laid before the Senate a letter from the Secretary of Agriculture, submitting, pursuant to Senate Resolution 65, Seventy-third Congress, a report pertaining to the practicability and advantages to agriculture of using alcohol manufactured from corn and other farm products in motor fuel, prepared by the Bureau of Agricultural Economics, Chemistry and Soils, and Agricultural Engineering of the Department of Agriculture, which, with the accompanying report, was ordered to lie on the table and to be printed.

#### PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate the following joint resolution of the Legislature of the State of Wisconsin, which was ordered to lie on the table:

#### STATE OF WISCONSIN.

Joint resolution memorializing the Congress of the United States to support President Roosevelt's program relating to Muscle Shoals and in all his other recommendations

Whereas, in keeping with his pre-election promise to the American people, President Roosevelt is actively sponsoring legislation pertaining to power production, flood control, reforestation, farm and unemployment relief, securities regulation, economy in government, strengthening of the banking system, refinancing of farmers and home owners, and various other measures intended to end the depression; and

Whereas the carrying out of such a program will have an immediate economic value in furnishing employment to hundreds of thousands of unemployed and will give to the Government the opportunity to determine the fair charge for electric power which is now furnished by private power companies; and

Whereas as a first step in bringing back to the people the benefits of our natural resources there has been introduced in the United States Senate what is known as the "Norris Muscle Shoals Government operation bill", which, if it becomes a law, will permit the Federal Government to develop a large power plant in the Tennessee River Valley, make the Tennessee River commercially navigable the year round, and put through a reforestation program in order to safeguard the watershed; and

Whereas the Muscle Shoals project is but the first of a series of giant projects of the same kind to include the Columbia River Basin, the Ohio, Arkansas, and Missouri River Valleys: Now, therefore, be it

Resolved by the senate (the assembly concurring), That the Legislature of Wisconsin hereby respectfully memorializes the Congress of the United States to pass the Norris bill and to accord to President Roosevelt whole-hearted support in his entire program for ending the depression, as outlined in his several messages; be it further

Resolved, That properly attested copies of this resolution be transmitted to the presiding officer of each House of the Congress of the United States and to each Wisconsin Member thereof.

THOMAS J. O'MALLEY,  
President of the Senate.

R. A. COBBAN,  
Chief Clerk of the Senate.

C. T. YOUNG,  
Speaker of the Assembly.

JOHN J. SLOCUM,  
Chief Clerk of the Assembly.

The VICE PRESIDENT also laid before the Senate the following joint memorial of the Legislature of the State of Colorado, which was referred to the Committee on Irrigation and Reclamation:

#### STATE OF COLORADO, OFFICE OF THE SECRETARY OF STATE.

#### UNITED STATES OF AMERICA,

#### State of Colorado, ss:

I, Chas. M. Armstrong, secretary of state of the State of Colorado, do hereby certify that the annexed is a full, true, and complete copy of Senate Joint Memorial No. 7, which was filed in this office on the 4th day of May, A.D. 1933, at 4 p.m.

In testimony whereof I have hereunto set my hand and affixed the great seal of the State of Colorado, at the city of Denver, this 4th day of May A.D. 1933.

[SEAL]

CHAS. M. ARMSTRONG,  
Secretary of State.

By A. G. SNEDEKER, Deputy.

Senate Joint Memorial 7 (by Senators Headlee, Christensen, Unfug, Knous, and Warren; Representatives Woodard, Harney, Sutley, Barron, Atencio, and Fisher)

A joint memorial of the Senate and House of Representatives of the State of Colorado, requesting the immediate passage of an act by the Congress of the United States providing for the construction of a drain through the "Closed Basin" of the Rio Grande, in the State of Colorado, and for the surveying of a suitable site for a reservoir, toward the development and conservation of the waters of the Rio Grande Basin in the States of Colorado, New Mexico, and Texas

Whereas on February 12, 1929, there was negotiated between and among the States of Colorado, New Mexico, and Texas, by and through their duly accredited representatives, a certain temporary compact, commonly referred to as the "Rio Grande Compact", relating to the use of the waters of the Rio Grande above Fort Quitman, Tex., which said compact was subsequently approved by the several legislatures of said States; and

Whereas said compact was thereafter approved by the Congress of the United States; and

Whereas said compact contemplates and recognizes the absolute importance of the construction of a drain for the purpose of making tributary to the Rio Grande about 2,000 square miles of area commonly known as the "Closed Basin", which at present has no outlet, and thereby materially augmenting the water supply of said river by draining thereinto all unconsumed waters that are produced in said "Closed Basin" in addition to all such waters as return unconsumed from the lands irrigated within said "Closed Basin" by those waters diverted from said river; and

Whereas said compact further contemplates and recognizes the absolute importance of the construction of a reservoir at some appropriate site on said river in the State of Colorado whereby the flow thereof would be so regulated as to remove the principal causes of any controversies and disputes between and among said States in respect to the use of the waters of said river; and

Whereas it is solemnly claimed in said compact by each and all of the States signatory thereto that a moral obligation rests upon the United States to construct said drain and reservoir, without cost to said States or any of them, in order to alleviate the heavy continuing burden placed upon said States as a result of the treaty between the United States and Mexico, dated May 21, 1906 (34 Stat. 2953), whereby the United States obligated itself to deliver to Mexico annually and forever 60,000 acre-feet of water from said Rio Grande; and

Whereas the United States, in order to insure the fulfillment of the terms of its said treaty with Mexico in respect to the delivery to Mexico, annually and forever, of said 60,000 acre-feet of water, has found it necessary to construct, and has constructed, in the State of New Mexico the Elephant Butte Reservoir, with a capacity of 2,639,000 acre-feet of water; and

Whereas the United States, in order further to insure the fulfillment of the terms of its said treaty with Mexico as aforesaid, has heretofore gone so far as to impose in 1896 an embargo on the construction of reservoirs on the upper Rio Grande, in the San Luis Valley, in the State of Colorado, in consequence of which there has been and is a lack of proper storage facilities in said San Luis Valley; and

Whereas said embargo was subsequently removed in 1925 by the Secretary of the Interior and by him determined to have been illegally initiated and imposed, but only after large areas of land in said San Luis Valley had gone to seed on account of the method of irrigation necessitated by the existence of such embargo; and

Whereas the agreement of the United States under the terms of the aforesaid treaty to deliver to Mexico, annually and forever, 60,000 acre-feet of water from the Rio Grande has placed an



increasingly intolerable burden upon the three States of Colorado, New Mexico, and Texas, which, in equity and good conscience, should be borne by the Nation as a whole; and

Whereas, in recognition of the moral obligation resting upon the United States to alleviate the burden so cast upon said three States in consequence of its aforesaid treaty with Mexico, certain bills have at previous sessions of the Congress been introduced appropriating funds to cover the cost of constructing the aforesaid drain and of making a survey incident to the selection of a site for the aforesaid reservoir, one of which bills was passed by the Senate in 1931; and

Whereas the aforesaid compact between said States of Colorado, New Mexico, and Texas is only in the nature of a temporary truce, expiring in 1935, after which time prolonged and costly litigation between and among said States may result unless the water supply of the Rio Grande is augmented, conserved, and regulated by means of the construction of said drain and reservoir; and

Whereas the situation is urgent and requires immediate action at the hands of the Congress; and

Whereas the construction of said drain and reservoir could be had at the present time at a lower cost for labor and materials than at any time since the negotiation of said compact; and

Whereas the construction of said drain and reservoir would provide work for numerous men and thereby tend to relieve unemployment: Now, therefore, be it

*Resolved by the memorialist, the Twenty-ninth General Assembly of the State of Colorado, in regular session—*

1. That it do respectfully present this joint memorial to the Congress of the United States, and that it do earnestly urge and solicit the Congress to enact forthwith and with all reasonable expedition such legislation as it may deem appropriate and necessary authorizing and providing for the immediate construction of the aforesaid drain and for the surveying of a suitable site for the aforesaid reservoir at the sole cost of the United States;

2. That it do hereby direct that certified copies of this joint memorial be forwarded at once to the Vice President and the Speaker of the House of Representatives, as the presiding officers of the Congress of the United States, and to Hon. EDWARD P. COSTIGAN and Hon. ALVA B. ADAMS, Senators, and Hon. EDWARD C. TAYLOR, Hon. JOHN A. MARTIN, Hon. FRED CUMMINGS, and Hon. LAWRENCE LEWIS, Representatives from the State of Colorado.

RAY H. TALBOT,  
President of the Senate.

Attested:

BYRON G. ROGERS,  
Speaker of the House of Representatives.

The VICE PRESIDENT also laid before the Senate the following joint resolution of the Legislature of the State of California, which was referred to the Committee on Banking and Currency:

Senate Joint Resolution 19

Adopted in senate April 11, 1933.

J. A. BEEK,  
Secretary of the Senate.

Adopted in assembly April 26, 1933.

ARTHUR A. OHNIMUS,  
Chief Clerk of the Assembly.

This resolution was received by the Governor this 28th day of April A.D. 1933, at 2:30 o'clock p.m.

WM. A. SMITH,  
Private Secretary of the Governor.

Senate Joint Resolution 19, relative to approval by the President of the United States of a project for the completion of the John Muir Trail under the provisions of act of Congress approved March 31, 1933

Whereas the Seventy-third Congress of the United States of America at its first session adopted on March 31, 1933, an act entitled "An act for the relief of unemployment through the performance of useful public works, and for other purposes", under which the President of the United States is authorized to select projects qualifying for construction in accordance with the purpose of the act; and

Whereas the State of California, in cooperation with the United States Government, has for a number of years been constructing a memorial trail, known as the "John Muir Trail", along the Sierra Nevada Range in Yosemite and Sequoia National Parks and in the Sierra and Sequoia National Forests; and

Whereas, this project, being useful for fire-protection purposes, public enjoyment, and general utilization of these Government reservations, is considered well qualified for adoption under the act; and

Whereas the construction work on this project is of such character as to utilize a maximum amount of unskilled labor in proportion to total expenditures, and is of an ideal nature to afford employment to large numbers of men in conformity with the intention of the act approved by the President of the United States on March 31, 1933; and

Whereas the project is at present in such a state of incompleteness as to be only partially useful, and it would be highly desirable that the said John Muir Trail be completed between Yosemite and Sequoia National Parks, and be extended from Yosemite National Park to Lake Tahoe, in El Dorado National Forest, on the north, and be extended southerly from Sequoia

National Park, through the Kern River Canyon, to connect with the national-forest road system of Sequoia National Forest: Now, therefore, be it

*Resolved by the Senate and the Assembly of the State of California, jointly, at the fiftieth session of the California Legislature, commencing on the 2d day of January 1933, a majority of all the members elected to each house of said legislature voting in favor thereof, That the President of the United States be respectfully requested to adopt the John Muir Trail as a unit in the program under said Emergency Unemployment Relief Act, and cause said project, together with said extensions and incidental facilities necessary to the safety and protection of the users thereof, to be completed during the current calendar year.*

*Resolved further, That certified copies of the foregoing resolution be forwarded by the Governor of the State of California to the President of the United States, to the Secretary of the United States Department of Agriculture, and to each of the Senators and Representatives of the State of California in Congress.*

FRANK F. MERRIAM,  
President of the Senate.  
WALTER J. LITTLE,  
Speaker of the Assembly.

Attest:  
[SEAL]

FRANK C. JORDAN,  
Secretary of State.

Endorsed: Filed in the office of the secretary of state of the State of California April 28, 1933, at 3 o'clock p.m.

FRANK C. JORDAN,  
Secretary of State.  
By CHAS. J. HAGERTY,  
Deputy.

The VICE PRESIDENT also laid before the Senate the following joint resolution of the Legislature of the State of California, which was referred to the Committee on Finance:

Senate Joint Resolution 18

Adopted in senate March 27, 1933.

J. A. BEEK,  
Secretary of the Senate.

Adopted in assembly April 26, 1933.

ARTHUR A. OHNIMUS,  
Chief Clerk of the Assembly.

This resolution was received by the Governor this 28th day of April A.D. 1933, at 2:30 o'clock p.m.

WM. A. SMITH,  
Private Secretary of the Governor.

Senate Joint Resolution 18, relative to memorializing the Congress of the United States to adopt legislation protecting and fostering the rubber industry of the United States

Whereas one of the greatest needs of this nation is immediate relief of unemployment, both agricultural and industrial, and normally functioning private industry offers the most desirable employment opportunities; and

Whereas it has been fully demonstrated and proven that a large portion of the rubber consumed in the United States could and would be produced in the United States if the industry was properly assisted and protected; and

Whereas the production of rubber used in the United States would necessitate the use of thousands of acres of land now producing competitive crops that are actually not bringing the producers the cost of production, but are serving to produce an overproduction of various crops, thereby lessening the profits to all concerned; and

Whereas the milling of the rubber would require the construction of many mills, thereby giving the different industries involved in producing materials for such factory construction, employment, and the actual operation of said mills would give employment to large numbers of industrial workers; and

Whereas the Government of the United States is being deprived of vast customs revenue which are so vitally needed at this time; and

Whereas there are several thousands of acres of Guayule rubber in the Salinas and Santa Maria Valleys, which is ready to be harvested and made into rubber, but which is not being harvested due to the present price of rubber; and

Whereas the immediate need is a clause in Government supply bills requiring the purchase of rubber grown in the United States, in the same manner that other American products are included: Now, therefore, be it

*Resolved by the Senate and the Assembly of the State of California jointly, That the Legislature of the State of California respectfully urges and memorializes the Congress of the United States, now in special session, to enact legislation imposing a tariff on rubber and to include in the Government supply bills a requirement that rubber purchased be grown in the United States; and be it further*

*Resolved, That the Legislature of the State of California requests the honorable Senators and Representatives in the Congress of the United States to use every honorable means to secure the adoption of such legislation; and be it further*

*Resolved, That the Governor is respectfully requested to send copies of this resolution to the President of the United States and to the Senators and Representatives of the State of California in Congress; and be it further*

*Resolved*, That the Governor is respectfully requested to send copies of this resolution to the governors of all the States of the United States requesting that the legislatures of all the States pass and present similar memorials to Congress.

FRANK F. MERRIAM,  
President of the Senate.  
WALTER J. LITTLE,  
Speaker of the Assembly.

Attest:  
[SEAL]

FRANK C. JORDAN,  
Secretary of State.

Endorsed: Filed in the office of the secretary of state of the State of California April 28, 1933, at 3 o'clock p.m.

FRANK C. JORDAN, Secretary of State.  
By CHAS. J. HAGERTY, Deputy.

The VICE PRESIDENT also laid before the Senate the petition of the Sixty-six Nonpareil Americans, New York City, N.Y., praying the President, the Congress of the United States, and the Governor of Alabama, in their respective powers, privileges, and discretions, to intercede, protect, and save the lives and liberties of the nine Scottsboro boys whose fate now pends before the courts of the State of Alabama and the United States Supreme Court, which was referred to the Committee on the Judiciary.

He also laid before the Senate two memorials and several letters in the nature of memorials from sundry citizens of the State of Louisiana, endorsing Hon. HUEY P. LONG, a Senator from the State of Louisiana, condemning attacks made upon him, and remonstrating against a senatorial investigation of his alleged acts and conduct, which were referred to the Committee on the Judiciary.

He also laid before the Senate six petitions of sundry citizens of the State of Louisiana, praying for a senatorial investigation of alleged acts and conduct of Hon. HUEY P. LONG, a Senator from the State of Louisiana, which were referred to the Committee on the Judiciary.

He also laid before the Senate a resolution adopted by the executive committee of the American Transit Association, New York City, N.Y., favoring the passage of House bill 5009, known as the "McKeown bill", or some similar measure designed to provide electric railways or other corporations with legal facilities to accomplish reorganizations and compositions of indebtedness similar to those provided for in the bankruptcy-act amendments which were enacted at the last session of Congress affecting individuals, farmers, and steam railroads, which was referred to the Committee on the Judiciary.

He also laid before the Senate a petition of sundry citizens of the State of California, praying for revision of the Executive orders relating to veterans' relief so as to restore to all veterans who were actually disabled in the military or naval service their former benefits, rights, privileges, ratings, schedules, compensation, presumptions, and pensions heretofore enjoyed by them and existent prior to the enactment of the so-called "Economy Act", which was referred to the Committee on Finance.

He also laid before the Senate a resolution adopted by a mass meeting of members of the Turtle Creek Valley Unemployed Council, Pennsylvania Avenue, Turtle Creek, Pa., favoring the immediate payment of adjusted-compensation certificates (bonus) of World War veterans, which was referred to the Committee on Finance.

He also laid before the Senate a resolution adopted by the City Council of Cambridge, Mass., protesting against the persecution of the Jews in Germany, which was referred to the Committee on Foreign Relations.

He also laid before the Senate resolutions adopted by the City Council of Cambridge, Mass., favoring the passage of legislation authorizing the Postmaster General to issue a special series of postage stamps of the denomination of 3 cents, commemorative of the one hundred and fiftieth anniversary of the naturalization as an American citizen and appointment as brevet brigadier general of the Continental Army on October 13, 1783, of Thaddeus Kosciuszko, which was referred to the Committee on Post Offices and Post Roads.

Mr. CAPPER presented a letter in the nature of a petition of sundry citizens, being physicians, of southwestern Kansas, praying for the more general use of existing private-hos-

pital facilities in the treatment of disabled veterans, and also as a means of saving moneys devoted to the construction of Government hospitals, which was referred to the Committee on Finance.

Mr. ROBINSON of Indiana presented a petition of sundry citizens of the State of California, praying for revision of the Executive orders relating to veterans' relief so as to restore to all veterans who were actually disabled in the military or naval service their former benefits, rights, privileges, ratings, schedules, compensation, presumptions, and pensions heretofore enjoyed by them and existent prior to the enactment of the so-called "Economy Act" which was referred to the Committee on finance.

Mr. COPELAND presented a memorial of sundry citizens of Brooklyn, N.Y., remonstrating against the passage of legislation to retire employees of the Federal Government after 30 years of service, which was referred to the Committee on Appropriations.

He also presented a resolution adopted by Long Island Branch, No. 85, of the National Association of Postal Supervisors, Jamaica, N.Y., protesting against the compulsory retirement of employees of the Federal Government after 30 years of service, which was referred to the Committee on Appropriations.

He also presented a resolution adopted by the committee on national defense of the Watertown (N.Y.) Chamber of Commerce, protesting against curtailment of the national defense by reducing appropriations for the Army, the Navy, and their auxiliaries, which was referred to the Committee on Appropriations.

He also presented a resolution adopted by the Long Island Chapter, Knights of Columbus, Brooklyn, N.Y. (comprising 68 councils and 28,000 members), protesting against the recognition of the Soviet Government of Russia, which was referred to the Committee on Foreign Relations.

He also presented the memorial of members of Ramapo Council, No. 51, Junior Order United American Mechanics, of Suffern, N.Y., remonstrating against the adoption of the so-called "Dickstein resolution", being the resolution (H.Res. 67) requesting the Secretary of State to direct the consuls abroad to disregard instructions of September 15, 1930, and revert to provisions of law in force prior to that date in examining applicants for immigration visas, which was referred to the Committee on Immigration.

He also presented a resolution adopted by the Reserve Officers' Association of Ithaca, N.Y., protesting against the abolishment of compulsory military training at Cornell University, which was referred to the Committee on Military Affairs.

He also presented resolutions adopted by the Veterans' Association of the Seventy-fourth Infantry, New York National Guard, of Buffalo, N.Y., protesting against reduction of the armed forces of the Nation, particularly the National Guard, which were referred to the Committee on Appropriations.

He also presented a resolution adopted by Binghamton Post, No. 80, the American Legion, of Binghamton, N.Y., protesting against reduction in the armed forces of the Nation and favoring the maintenance of training for the Army, Navy, and all civilian components thereof, which was referred to the Committee on Military Affairs.

He also presented a resolution adopted by the Port Commission of the City of Rochester, N.Y., protesting against the transfer of jurisdiction over river and harbor work from the Engineer Corps of the Army to the Department of the Interior or a newly organized department of public works, which was referred to the Committee on Military Affairs.

He also presented resolutions adopted by the official board of the Buffalo Street Methodist Episcopal Church, of Jamestown, N.Y., condemning the alleged action of certain public men in ignoring the oath of office, which were ordered to lie on the table.

Mr. JOHNSON presented the following joint resolution of the Legislature of the State of California, which was referred to the Committee on Post Offices and Post Roads:



Senate Joint Resolution 11 relating to memorializing Congress and Postmaster General Brown to adopt legislation or to permit the issuance of postage stamps commemorating the sixtieth anniversary of the planting of the parent Washington navel orange trees in honor of the California citrus industry

Whereas in December 1873 Luther C. Tibbets, Riverside colonist, received from a friend in Washington, D.C., two small Washington navel orange trees of the seedless variety which had been imported from the city of Bahia in Brazil by the Agricultural Department of the United States; and

Whereas in the same year, to wit, 1873, Mrs. L. C. Tibbets planted said navel orange trees in the city of Riverside, then a part of San Bernardino County, State of California; and

Whereas the navel orange industry of the State of California in the years that have followed has grown to an industry with an annual income of approximately \$67,000,000; and

Whereas the aforementioned planting by these pioneers of the West has meant much and contributed greatly to the agricultural industry of the State of California and of the United States; and

Whereas the people of the city of Riverside, county of Riverside, State of California, wish to commemorate the sixtieth anniversary of the planting of the said parent Washington navel orange trees, as aforesaid, in honor of the great California citrus industry by having a special postage stamp issued by the Post Office Department of the United States in commemoration of the said sixtieth anniversary of the aforesaid planting: Now, therefore, be it

*Resolved by the Assembly and the Senate of the State of California, jointly,* That the legislature of said State urgently petition and request the Congress of the United States and/or the Postmaster General, of the Post Office Department of the United States, to adopt legislation to effect or permit the issuance of postage stamps commemorating the sixtieth anniversary of the planting of the parent Washington navel orange trees in honor of California citrus industry; and be it further

*Resolved,* That a copy of this resolution be sent to the President of the United States, the Vice President, the Speaker of the House of Representatives, and to the Senators and Representatives of the State of California in Congress, and to the Postmaster of the United States.

Mr. TRAMMELL presented the following concurrent resolution of the Legislature of the State of Florida, which was referred to the Committee on Military Affairs:

#### House Concurrent Resolution 8

Whereas it has unofficially come to the attention of this legislature that it is proposed by Executive order under the recent economy bill passed by the United States Congress to discontinue the annual field training period for the Florida National Guard, at least during 1933, and reduce the armory drills by at least half the number now authorized, and also to dispense with a large number of Regular Army officer personnel and eliminate the Officers' Reserve Corps and the citizens' military training camps in fact, if not on paper, by so crippling the ability of same to function that the morale of same will be impaired to the destruction of efficiency; and

Whereas the Legislature of the State of Florida believes that the maintenance of an adequate national defense has one of the first claims on government, being one of the five purposes recited in the preamble to the United States Constitution as the reason for agreeing to that document, and is opposed to any of the proposed measures contemplating the elimination of the field training for the National Guard, either temporarily or permanently, as well as to the reduction to any degree, temporarily or permanently, of the number of authorized drills for the National Guard, and believes that the present officer personnel of the Regular Army is needed to properly train the National Guard, Reverse Officers' Training Corps, citizens' military training camps, and Officers' Reserve Corps, as well as function as instructors in our schools, and is of the opinion that the citizens' military training camps serve not only as a means for training the young men but is a relief against unemployment as well for the period covered by such camps each year: Now, therefore, be it

*Resolved by the house of representatives (the senate concurring),* That the Legislature of the State of Florida most earnestly protests against any of the actions contemplated against our system of national defense as recited in this resolution and directs that the secretary of state forthwith forward by air mail under the great seal of the State of Florida a copy of this resolution to our Senators and Representatives in Congress.

Approved by the Governor of Florida May 2, 1933.

#### STATE OF FLORIDA,

##### Office Secretary of State, ss:

I, R. A. Gray, secretary of state of the State of Florida, do hereby certify that the foregoing is a true and correct copy of House Concurrent Resolution No. 8, passed by the Legislature of Florida, session 1933, and filed in this office.

Given under my hand and the great seal of the State of Florida at Tallahassee, the capital, this the 3d day of May A.D. 1933.

[SEAL]

R. A. GRAY,  
Secretary of State.

Mr. TRAMMELL also presented the following concurrent resolution of the Legislature of the State of Florida, which was referred to the Committee on Post Offices and Post Roads:

#### Senate Concurrent Resolution 12

Whereas the Legislature of the State of Florida by joint resolution in 1929 memorialized Congress, the Federal Bureau of Public Roads, and the State Road Department of Florida to use every possible effort to federalize the Gulf Coast Highway, which is legally known as "State roads 10, 15, and 115"; and

Whereas the resolution referred to above has only been partially carried out; and

Whereas the State of Florida and the counties of the Gulf coast of Florida have spent approximately \$15,000,000, and the funds of both the State and counties are now exhausted; and

Whereas all of the Gulf coast counties and cities and civic bodies have passed resolutions setting forth the necessity for continuing the construction of the Gulf Coast Highway in order to relieve the distressing unemployment situation in the Gulf coast counties and cities owing to the serious decline in the oyster, fishing, and other businesses peculiar to these counties and cities; and

Whereas the State road system of Florida cannot be properly rounded out and completed, nor can the hundreds of millions of dollars invested therein begin to pay a full return on this investment until the Gulf Coast Highway is completed; and

Whereas the construction of the Gulf Coast Highway has been officially declared of military and strategic importance to the United States Government; and

Whereas the public-works committee now arranging the public-works program for President Roosevelt has the authority and power to include in said program the construction of Federal roads; and

Whereas road construction in Florida will provide work for the relief of unemployment both in direct employment and in the manufacture and transportation of Florida road-building material: Now, therefore, be it

*Resolved by the Senate of the State of Florida (the house of representatives concurring),* That the public-works committee of President Roosevelt, the Federal Bureau of Public Works, our Senators and Congressmen in Washington, the Governor of Florida, and the State road department, are hereby requested to secure the immediate federalization of all of the Gulf Coast Highway and to use every effort at their command to allocate funds to Florida for the immediate construction of the Gulf Coast Highway in this State; be it further

*Resolved,* That a copy of this resolution be forwarded by the secretary of state of Florida, under the great seal of the State of Florida in due form to the Congress of the United States and the several Members thereof from Florida, to the Governor of Florida, and to the State road department.

Approved by the Governor of Florida, May 2, 1933.

#### STATE OF FLORIDA,

##### Office Secretary of State, ss:

I, R. A. Gray, secretary of state of the State of Florida, do hereby certify that the foregoing is a true and correct copy of Senate Concurrent Resolution No. 12, passed by the Legislature of Florida, session 1933, and filed in this office.

Given under my hand and the great seal of the State of Florida at Tallahassee, the capital, this the 2d day of May A.D. 1933.

[SEAL]

R. A. GRAY,  
Secretary of State.

#### GREAT LAKES-ST. LAWRENCE DEEP WATERWAY TREATY

Mr. NORBECK. Mr. President, I ask to have printed in the record copy of a concurrent resolution adopted by the Legislature of the State of South Dakota, which I send to the desk, memorializing the Senate to ratify the Great Lakes-St. Lawrence River Seaway Treaty with Canada.

The concurrent resolution was ordered to lie on the table and to be printed in the RECORD, as follows:

Senate Concurrent Resolution 2 (Introduced by Mr. Halvorson)

A concurrent resolution, memorializing the Senate of the United States to ratify the Great Lakes-St. Lawrence Seaway Treaty with Canada

*Be it resolved by the Senate of the State of South Dakota (the house of representatives concurring):*

Whereas a treaty has been negotiated between the Government of the United States and the Canadian Government, known as the "Great Lakes-St. Lawrence Seaway Treaty", which said treaty is now being considered by the Foreign Relations Committee of the United States Senate, under the terms of which there is to be built a seaway connecting the Great Inland Lakes of North America with the ocean by the widening and deepening of the St. Lawrence River, thereby transforming all our lake ports into ocean ports with direct connection with the great tidewater markets of the world; and

Whereas transportation is one of the largest cost factors in doing all classes of business, which cost is paid by either the producer or the consumer, and transportation by water is admittedly the most economical and advantageous to all interests as a whole, and particularly to the interior of the Nation now far removed from the world's ocean ports now enjoying low transportation costs; and

Whereas the construction and building of a seaway is deemed to be a permanent benefit and advantage to the United States, and particularly the several interior States located upon and in close proximity to the Great Lakes ports, and also particularly

advantageous to agriculture in that it would reduce the freight transportation costs on all farm commodities: Now, therefore be it

*Resolved by the Senate of the State of South Dakota (the house of representatives concurring), That we respectfully memorialize the Senate of the United States to ratify the pending Great Lakes-St. Lawrence Seaway Treaty, and respectfully urge and request the Honorable PETER NORBECK and Hon. WILLIAM J. BULOW, United States Senators from the State of South Dakota, to support said ratification; and be it further*

*Resolved, That the secretary of state is hereby directed to transmit copies of this memorial to His Excellency the President of the United States Senate, and to each of the 96 United States Senators. Adopted by the senate, January 12, 1933.*

*Adopted by the house of representatives, February 27, 1933.*

H. A. USTRUD,  
*President of the Senate.*  
JOE ATKINS,  
*Secretary of the Senate.*  
GEORGE ABILD,  
*Speaker of the House.*  
A. F. BODLEY,  
*Chief Clerk of the House.*

#### REPORT OF THE FINANCE COMMITTEE

Mr. HARRISON, from the Committee on Finance, to which was referred the bill (S. 1514) authorizing the Administrator of Veterans' Affairs to convey certain lands to Harrison County, Miss., reported it without amendment.

#### EXECUTIVE REPORTS OF THE FINANCE COMMITTEE

As in executive session,

Mr. HARRISON, from the Committee on Finance, reported favorably the nomination of Dean G. Acheson, of Maryland, to be Under Secretary of the Treasury, in place of Arthur A. Ballantine, resigned; and also the nominations of sundry officers in the Public Health Service, which were ordered to be placed on the Executive Calendar.

#### BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. JOHNSON:

A bill (S. 1583) for the relief of John C. McCann; to the Committee on Naval Affairs.

By Mr. McNARY:

A bill (S. 1584) authorizing an appropriation for a loan, reimbursable from tribal assets, to provide capital and credit for the purpose of encouraging industry and self-support among the Indians having tribal rights on the Klamath Indian Reservation in Oregon; to the Committee on Indian Affairs.

By Mr. SHEPPARD:

A bill (S. 1585) for the relief of the Black Hardware Co.; and

A bill (S. 1586) for the relief of Arthur N. Knoft; to the Committee on Claims.

A bill (S. 1587) to amend an act entitled "An act to recognize the high public service rendered by Maj. Walter Reed and those associated with him in the discovery of the cause and means of transmission of yellow fever", approved February 28, 1929, as amended, by including Roger P. Ames among those honored by said act; to the Committee on Military Affairs.

A bill (S. 1588) to impound a portion of the cotton crop in order to stabilize prices and production; to the Committee on Agriculture and Forestry.

By Mr. COPELAND:

A bill (S. 1589) for the relief of the Kings County Trust Co., of Brooklyn, N.Y.; to the Committee on Claims.

A bill (S. 1590) to authorize the construction of barracks at Fort Ontario, Oswego, N.Y., and for other purposes; to the Committee on Military Affairs.

A bill (S. 1591) to renew and extend certain letters patent; to the Committee on Patents.

By Mr. CAPPER:

A bill (S. 1592) to prohibit untrue, deceptive, or misleading advertising through the use of the mails or in interstate or foreign commerce; to the Committee on Interstate Commerce.

By Mr. LA FOLLETTE:

A bill (S. 1593) authorizing a per capita payment of \$100 to the members of the Menominee Tribe of Indians of Wisconsin from funds on deposit to their credit in the Treasury of the United States; to the Committee on Indian Affairs.

By Mr. SHEPPARD:

A bill (S. 1594) for the relief of William Edward Tidwell; and

A bill (S. 1595) extending the benefits of the Emergency Officers' Retirement Act of May 24, 1928, to provisional officers of the Regular Establishment who served during the World War; to the Committee on Military Affairs.

(Mr. COSTIGAN (for himself, Mr. LA FOLLETTE, and Mr. CUTTING) introduced Senate bill 1596, which was referred to the Committee on Education and Labor, and appears under a separate heading.)

By Mr. GEORGE and Mr. RUSSELL:

A joint resolution (S.J.Res. 50) designating May 22 as National Maritime Day; to the Committee on Commerce.

#### EXPANSION OF PUBLIC-WORKS PROGRAM

Mr. COSTIGAN. Mr. President, I desire to introduce a bill designed to provide an adequate public-works program. The bill is offered on behalf of the Senator from Wisconsin [Mr. LA FOLLETTE], the Senator from New Mexico [Mr. CUTTING], and myself.

THE VICE PRESIDENT. The bill will be received and appropriately referred.

The bill (S. 1596) to create an administration of public works, to provide for the construction, extension, and improvement of public facilities and services, to relieve unemployment, and for other purposes, was read twice by its title and referred to the Committee on Education and Labor.

#### HOUSE BILL REFERRED

The bill (H.R. 5390) making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1933, and prior fiscal years, to provide supplemental appropriations for the fiscal years ending June 30, 1933, and June 30, 1934, and for other purposes, was read twice by its title and referred to the Committee on Appropriations.

#### PROTECTION OF GOVERNMENT RECORDS—AMENDMENT

Mr. CUTTING submitted an amendment intended to be proposed by him to the bill (H.R. 4220) for the protection of Government records, which was ordered to lie on the table and to be printed.

#### AMENDMENT OF EMERGENCY RELIEF AND CONSTRUCTION ACT

Mr. FLETCHER submitted an amendment intended to be proposed by him to the bill (S. 509) to amend the Emergency Relief and Construction Act of 1932, which was referred to the Committee on Banking and Currency and ordered to be printed.

#### INVESTIGATION OF RACKETS AND RACKETEERING

Mr. COPELAND submitted the following resolution (S.Res. 74), which was referred to the Committee on Commerce:

Whereas there have grown up in this country numbers of so-called "rackets", newspapers being filled with accounts of "beer rackets", "poultry rackets", "milk rackets", other "food rackets", "laundry rackets", "drug rackets", and other similar schemes for the exploitation, deception, and terrorizing of our citizens; and

Whereas the legitimate trade and commerce of the country, as well as the general welfare of our people, demand that, so far as the Federal Government can accomplish it, all these forms of racketeering should cease: Be it

*Resolved, That the Committee on Commerce, or a subcommittee thereof, be authorized to investigate the whole subject and recommend to the Senate what action or legislation is needed to destroy this growing evil.*

#### SALARY SCHEDULES OF BANKS, RAILROADS, PUBLIC UTILITIES, ETC.

Mr. COSTIGAN. Mr. President, I submit a resolution, and ask that it may lie on the table.

The resolution (S.Res. 75) was read and ordered to lie on the table, as follows:

*Resolved, That the Federal Reserve Board is requested to prepare and transmit to the Senate, as soon as practicable, a report*



showing the salary schedule of the executive officers and directors of each Federal Reserve bank and member bank of the Federal Reserve System.

*Resolved further*, That the Reconstruction Finance Corporation is requested to prepare and transmit to the Senate, as soon as practicable, a report showing the salary schedule of the executive officers and directors of each bank not a member of the Federal Reserve System to which loans or advances have been made by the Corporation.

*Resolved further*, That the Interstate Commerce Commission is requested to prepare and transmit to the Senate, as soon as practicable, a report showing the salary schedule of the executive officers and directors of each carrier engaged in interstate commerce.

*Resolved further*, That the Federal Power Commission is requested to prepare and transmit to the Senate, as soon as practicable, a report showing the salary schedule of the executive officers and directors of each public-utility corporation engaged in the transportation of electrical energy in interstate commerce, and of all other corporations licensed under the Federal Water Power Act.

*Resolved further*, That the Federal Trade Commission is requested to prepare and transmit to the Senate, as soon as practicable, a report showing the salary schedule of the executive officers and directors of each corporation engaged in interstate commerce (other than public-utility corporations) having capital and/or assets of more than a million dollars in value, whose securities are listed on the New York Stock Exchange or the New York Curb Exchange.

For the purposes of this resolution the term "salary" includes any compensation, fee, bonus, commission, or other payment, direct or indirect, in money or otherwise, for personal services.

#### REMONETIZATION OF SILVER

Mr. WHEELER. Mr. President, on Wednesday last I submitted a resolution and asked that it lie on the table. I desire now to call up the resolution and have it read, and I then should like to ask unanimous consent for its immediate consideration. I do not think there will be any objection to it upon the part of any Senator, or that it will lead to any discussion.

The VICE PRESIDENT. The resolution will be read.

The Chief Clerk read the resolution (S.Res. 67) submitted by Mr. WHEELER on May 3, 1933, as follows:

Whereas the whole world, including the United States of America, is suffering from an unprecedented depression, resulting in unemployment, starvation, falling commodity prices, and the collapse of the financial structure, which in turn threatens to destroy our present social and economic system; and

Whereas all thoughtful students of economics and finance are agreed that one of the chief causes of this depression is due to the shortage and maldistribution of gold, which is today the primary money of the world, seven creditor nations having \$9,000,000,000 of gold out of a total world supply of about \$11,000,000,000, which in turn leaves only \$2,000,000,000 of gold for all the debtor nations of the world; and

Whereas increasing the value of gold held by these seven creditor nations will not increase the purchasing power of the rest of the world, nor give them primary money on which to base credit and with which to carry on their domestic and foreign trade; and

Whereas more than 40 countries are off the gold standard, including England and the United States of America, and 60 per cent of the population of the world use silver as their monetary yardstick, and will continue to use it regardless of all efforts to place them on a gold- or managed-currency basis; and

Whereas the stabilization of currency exchange and the removal of trade barriers between nations is essential in order to successfully conduct foreign trade and commerce; and

Whereas this stabilization of exchanges of world currencies can best be accomplished by fixing the ratio of value between the two metals, silver and gold, upon which world currencies are based; and

Whereas the depreciated currencies of silver-using nations, due to the low price of silver, gives silver-using nations a lower cost of production than gold-using nations, which in turn makes it impossible for gold-using nations to successfully compete with silver-using nations in the markets of the world; and

Whereas the remonetization of silver at its historic ratio with gold would raise world commodity prices upon which our surplus products of farm and factory are sold, increase the purchasing power of silver-using countries in the United States, increase production costs in silver-using countries so that the American farmer and manufacturer would not be so handicapped by their depreciated currencies; and

Whereas the remonetization of silver would end the present uncertainty relative to inflation; and

Whereas both Democratic and Republican national platforms have favored the international remonetization of silver, and Republican and Democratic leaders in the United States Congress have repeatedly stated that they favored bimetallism if it could be on an international basis; and

Whereas the President is about to appoint delegates to attend an international conference to be held in London in June of this year of our Lord 1933, which has for its purpose the stabilization of international exchange, etc.: Now, therefore, be it

*Resolved*, That it is the sense of the Senate of the United States that the delegates so appointed by the President of the United States of America shall work unceasingly for an international agreement to remonetize silver on a basis of a definite fixed ratio of not to exceed 16 fine ounces of silver to 1 fine ounce of gold.

The VICE PRESIDENT. Is there objection to the present consideration of the resolution?

There being no objection, the resolution was considered and agreed to.

The preamble was agreed to.

#### FRENCH WAR TAXES

Mr. ROBINSON of Indiana. I have in my hand an article published in the Washington Herald of April 28, 1933, written by Edwin D. Schoonmaker under the title "France Has Dodged All War Taxes; Fought on Borrowed Money, Says Expert." I ask that the portions of the article which I have marked may be incorporated in the Record.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

The excerpts referred to are as follows:

[From the Washington Herald, Apr. 28, 1933]

It will be an astonishing revelation to the vast majority of people who lived through those days to learn that there was one country which had no war tax, and that country was France.

The late Charles Gide, eminent French economist, author of many books and a Sorbonne professor, said in the Economic Journal, June 1919 (the question of war debts had not come up for discussion):

"For many a working or peasant family in France the Great War will have been a veritable golden age, the memory of which will be handed down from generation to generation as a fabulous time when neither taxes nor rents were paid, and the end of which was much to be regretted. . . ."

"The French Government has performed a feat of carrying on the most expensive of all wars without requiring the French taxpayer to contribute a single penny."

Well might M. Gide call this a "feat", for that is what it is, a "feat" without parallel in history. Other countries sent both their money and their men to war. France, it would seem, sent only her men.

#### RELIEF OF UNEMPLOYMENT—CONFERENCE REPORT

Mr. FLETCHER submitted the following report:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 4606) to provide for cooperation by the Federal Government with the several States and Territories and the District of Columbia in relieving the hardship and suffering caused by unemployment, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendments of the Senate numbered 1 and 3, and agree to the same.

Amendment numbered 2: That the House recede from its disagreement to the amendment of the Senate numbered 2, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert "their appointment may be made and compensation fixed without regard to the civil service laws, or the Classification Act of 1923, as amended, and the Administrator may, in the same manner, appoint and fix the compensation of"; and the Senate agree to the same.

Amendment numbered 4: That the House recede from its disagreement to the amendment of the Senate numbered 4, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert "The Administrator may, under rules and regulations prescribed by the President, assume control of the administration in any State or States where, in his judgment, more effective and efficient cooperation between the State and Federal authorities may thereby be secured in carrying out the purposes of this act"; and the Senate agree to the same.

Amendment numbered 5: That the House recede from its disagreement to the amendment of the Senate numbered 5, and agree to the same with an amendment as follows: Omit the matter proposed to be inserted by the Senate amend-

ment, and on page 8, line 3, of the House bill, after "Hawaii," insert "the Virgin Islands,"; and the Senate agree to the same.

DUNCAN U. FLETCHER,  
ROBERT F. WAGNER,  
PETER NORBECK,  
*Managers on the part of the Senate.*  
HENRY B. STEAGALL,  
T. ALAN GOLDSBOROUGH,  
*Managers on the part of the House.*

The report was agreed to.

#### THE CALENDAR

Mr. ROBINSON of Arkansas. Mr. President, I ask unanimous consent that the Senate proceed until the hour of 2 o'clock with the consideration of unobjected bills on the calendar.

The VICE PRESIDENT. Is there objection to the request of the Senator from Arkansas?

Mr. McNARY. Mr. President, I have no objection, as I said to the Senator, provided that the limitation provided by rule VIII restricting debate to 5 minutes shall be understood to apply.

Mr. ROBINSON of Arkansas. Very well.

The VICE PRESIDENT. Is there objection to the request as modified? The Chair hears none, and the clerk will report the first bill on the calendar.

#### THE WHALING INDUSTRY

The joint resolution (S.J.Res. 15) extending to the whaling industry certain benefits granted under section 11 of the Merchant Marine Act, 1920, was announced as first in order.

Mr. KING. Let the joint resolution go over.

The VICE PRESIDENT. The joint resolution will be passed over.

Mr. COPELAND subsequently said: Mr. President, I want to say just a word about the first measure on the calendar, which was passed over, and I should like to have the attention of the Senator from Tennessee. I refer to Senate Joint Resolution 15, extending to the whaling industry certain benefits granted under section 11 of the Merchant Marine Act of 1920.

A few days ago when this joint resolution was reached on the calendar the Senator from Tennessee asked me to obtain from the Shipping Board a statement of the facts regarding the construction loan fund.

I have the statement in my hand, in a letter from Admiral Cone, showing that the total loans authorized have amounted to \$147,000,000 in round numbers, and that the amount now outstanding against mail-contract vessels is \$107,000,000. Fifteen and a half million dollars has been repaid, and as a result of our activities we have built 57 new ships and converted 40 ships, and the total cost of the vessels has been \$213,000,000. Standing against that is the amount of about \$125,000,000. It is surprising how very little of the money owing is past due. The amount is less than \$2,000,000. The balance in the construction-loan fund is \$14,314,000.

I ask that the letter and the figures to which I have referred may be printed in the RECORD.

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

UNITED STATES SHIPPING BOARD,  
Washington, May 5, 1933.

HON. ROYAL S. COPELAND,  
United States Senate, Washington, D.C.

MY DEAR SENATOR COPELAND: In accordance with your request for general information relative to construction-loan fund, I have prepared and am forwarding herewith a memorandum which will, I believe, give you a clear understanding of the status of the construction-loan fund at the present time.

Should you desire any more detailed information regarding this subject, kindly advise me.

Yours very truly,

H. I. CONE, Chairman.

#### MEMORANDUM REGARDING CONSTRUCTION-LOAN FUND AS MAINTAINED UNDER PROVISIONS OF MERCHANT MARINE ACT OF 1920, AS AMENDED

Total loans authorized, \$147,680,566.66.  
Total amount repaid, \$15,415,982.54.  
Number of vessels, new and converted, 57 new, 40 converted.  
Total cost vessels, new and converted, \$213,984,579.30.  
Total amount of interest paid to the Government on loans authorized up to December 31, 1932, \$8,017,030.52.  
Average rate of interest return to United States on outstanding construction loans as of December 31, 1932, 4 percent.  
Total amount due the Government on construction loans made to companies receiving aid under mail contracts as of December 31, 1932, \$107,868,508.  
Total amount of construction-loan notes past due as of April 30, 1933, \$1,973,566.  
Total amount of construction-loan notes past due as of March 31, 1933, from companies receiving aid under mail contracts, \$1,570,525.  
As of April 30, 1933, the cash balance in the construction-loan fund was \$14,314,967.10.

Mr. COPELAND. Mr. President, in view of the fact that the loan fund has been faultlessly and properly used, I hope that the next time the joint resolution is reached on the calendar it may be given some consideration.

#### BILL PASSED OVER

The bill (S. 682) to prohibit financial transactions with any foreign government in default on its obligations to the United States was announced as next in order.

Mr. REED. Mr. President, I invite the attention of Senators to the fact that the bill, if passed in its present form, would prohibit any citizen of the United States who has been fraudulently or otherwise induced to buy the bonds of a foreign government from selling such securities to any other person in the United States.

Mr. JOHNSON. Mr. President, may I interrupt the Senator?

Mr. REED. Let me finish my sentence so the RECORD will show that what I am attempting to say makes sense.

Mr. JOHNSON. Without for an instance conceding that what the Senator said, in his own language, makes any sense, it is my bill and I consent that it may go over.

Mr. REED. In order that the RECORD may be complete, I should like to add that the bill itself does not make sense; consequently it is a little difficult to discuss it in terms that would please the Senator from California.

Mr. JOHNSON. That is a matter metaphysical in character and we may determine it perhaps in spite of the words used by the Senator from Pennsylvania.

The VICE PRESIDENT. The bill will be passed over.

#### PROTECTION OF GOVERNMENT RECORDS

The Senate proceeded to consider the bill (H.R. 4220) for the protection of Government records, which had been reported from the Committee on Foreign Relations with an amendment to strike out all after the enacting clause and insert:

That whoever, by virtue of his employment by the United States, shall obtain from another or having custody of or access to, or having had custody of or access to, any official diplomatic code or any matter prepared in any such code, or which purports to have been prepared in any such code, shall willfully, without authorization or competent authority, publish or furnish to another any such code or matter, or any matter which was obtained while in the process of transmission between any foreign government and its diplomatic mission in the United States, shall be fined not more than \$10,000 or imprisoned not more than 10 years, or both.

Mr. ROBINSON of Arkansas. Mr. President, I desire to offer an amendment to the committee amendment. On page 3, line 9, after the word "code", I suggest the insertion of the word "and."

The VICE PRESIDENT. The clerk will report the amendment to the amendment.

The CHIEF CLERK. In the committee amendment, on page 3, line 9, after the word "code", it is proposed to insert the word "and."

The amendment to the amendment was agreed to.

The amendment as amended was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.



Mr. JOHNSON subsequently said: Mr. President, I was called from the Chamber for just a moment. The Senator from Indiana [Mr. ROBINSON] has informed me that in that moment while I was absent the bill (H.R. 4220) for the protection of Government records was passed. Is that correct?

The VICE PRESIDENT. It was passed with an amendment offered by the Senator from Arkansas [Mr. ROBINSON].

Mr. JOHNSON. I ask unanimous consent to reconsider the vote by which the bill was passed and that it may be restored to the calendar.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the vote whereby the bill passed is reconsidered.

Mr. JOHNSON. I wish to say to the Senator from Arkansas that I have no desire to delay the consideration of the bill at all, but we cannot act upon it under the 5-minute rule. I shall be compelled to object to its consideration under the 5-minute limitation of debate, but I shall be very glad to consent that it may be taken up at any time the Senator from Arkansas shall desire.

Mr. ROBINSON of Arkansas. I think we may be able to take it up immediately after the call of the calendar is concluded.

The VICE PRESIDENT. On objection of the Senator from California, the bill will go over.

#### BILLS PASSED OVER

The bill (S. 875) to provide for the furnishing of information and the supervision of traffic in investment securities in interstate commerce was announced as next in order.

Mr. REED. Over.

Mr. FLETCHER. Mr. President, I should like to give notice that as soon as the call of the calendar is concluded and immediately following the disposition of the measure just referred to by the Senator from Arkansas [Mr. ROBINSON], I shall ask to take up this bill.

The VICE PRESIDENT. On objection of the Senator from Pennsylvania, the bill goes over temporarily.

The bill (S. 317) authorizing the Reconstruction Finance Corporation to make advances to the reclamation fund was announced as next in order.

Mr. KING. Mr. President, the bill textually has been incorporated in the farm relief bill as it passed the Senate several days ago. In view of that fact, the bill should be passed over.

The VICE PRESIDENT. The bill will be passed over.

#### FRANCIS N. DOMINICK

The Senate proceeded to consider the bill (S. 727) for the relief of Francis N. Dominick, which had been reported from the Committee on Military Affairs with an amendment, on page 1, line 10, after the numerals "1903", to insert:

*Provided*, That no bounty, back pay, pension, or allowance shall be held to have accrued prior to the passage of this act.

So as to make the bill read:

*Be it enacted, etc.*, That in the administration of the pension laws or any laws conferring rights, privileges, or benefits upon persons honorably discharged from the United States Army Francis N. Dominick shall be held and considered to have served without desertion as a private, Sixty-sixth Company, United States Coast Artillery Corps, United States Army, and to have been honorably discharged from such service on October 19, 1903: *Provided*, That no bounty, back pay, pension, or allowance shall be held to have accrued prior to the passage of this act.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

#### BILL PASSED OVER

The bill (S. 882) to provide for the more effective supervision of foreign commercial transactions, and for other purposes, was announced as next in order.

Mr. KING. Mr. President, this is a measure of very great importance. Under the 5-minute rule I doubt whether it could be properly considered. Therefore I suggest that it go over.

The VICE PRESIDENT. The bill will be passed over.

#### AMENDMENT TO EMERGENCY BANKING ACT

The Senate proceeded to consider the bill (S. 1425) to amend the act entitled "An act to provide relief in the existing national emergency in banking, and for other purposes", approved March 9, 1933.

Mr. REED. Mr. President, may we have an explanation of the bill?

Mr. FLETCHER. Mr. President, an explanation of the bill is found in the report, which is very brief. The Reconstruction Finance Corporation, in sending it to us, submitted:

(a) A proposed amendment to the present emergency legislation providing for subscriptions to and loans upon preferred stock of national banks by this Corporation.

(b) A copy of a letter from the Secretary of the Treasury concerning the proposed amendment.

(c) A detailed statement of the reasons for and the purposes of the amendment which you may wish to read if you have time.

Briefly, the amendment straightens out certain difficulties this Corporation has met in working out the combination of the emergency banking legislation and the National Bank Act, concerning:

(a) The issuance of more than one class of preferred stock by such banks, as for instance, first and second preferred stock.

(b) The payment of dividends upon such stock despite impairment of any stock that is subordinate to the preferred stock.

(c) The replacement of directors by the holders of preferred stock when they are entitled to take control of a bank.

(d) The representation of this Corporation upon boards of such banks by its nominees.

The proposed amendment is respectfully submitted for the consideration of the Committee on Banking and Currency.

Mr. REED. I want to inquire of the Senator who reported the bill whether the preferred stock that is subscribed would be subject to the additional liability to which the common stock is subject?

Mr. FLETCHER. No; it would not be.

Mr. REED. Why not? What is there in the bill that would take away such double liability?

Mr. FLETCHER. There is a clause in the bill expressly so providing.

Mr. REED. I do not see any such provision.

Mr. FLETCHER. At the bottom of page 3 is this provision:

The holders of such preferred stock shall not be held individually responsible as such holders for any debts, contracts, or engagements of such association, and shall not be liable for assessments to restore impairments in the capital of such association as now provided by law with reference to holders of common stock.

Mr. REED. I thank the Senator.

Mr. FLETCHER. That is expressly provided for.

The bill was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

*Be it enacted, etc.*, That the act entitled "An act to provide relief in the existing national emergency in banking, and for other purposes", approved March 9, 1933, is amended by—

(a) Striking out the whole of section 301 of title III thereof and inserting in lieu thereof the following:

"Sec. 301. Notwithstanding any other provision of law, any national banking association may, with the approval of the Comptroller of the Currency and by vote of shareholders owning a majority of the stock of such association, upon not less than 5 days' notice, given by registered mail pursuant to action taken by its board of directors, issue preferred stock of one or more classes, in such amount and with such par value as shall be approved by said Comptroller, and make such amendments to its articles of association as may be necessary for this purpose; but, in the case of any newly organized national banking association which has not yet issued common stock, the requirement of notice to and vote of shareholders shall not apply. No issue of preferred stock shall be valid until the par value of all stock so issued shall be paid in."

(b) Striking out the whole of subsection (a) of section 302 of the said title III and inserting in lieu thereof the following:

"Notwithstanding any other provision of law, whether relating to restriction upon the payment of dividends upon capital stock or otherwise, the holders of such preferred stock shall be entitled to receive such cumulative dividends at a rate not exceeding 6 percent per annum and shall have such voting and conversion rights and such control of management, and such stock shall be subject to retirement in such manner and upon such conditions as may be provided in the articles of association with the approval of the Comptroller of the Currency. The holders of such preferred stock shall not be held individually responsible as such holders for any debts, contracts, or engagements of such association, and shall not be liable for assessments to restore impairments in the capital of such association as now provided by law with reference to holders of common stock."

(c) Adding to section 304 of said title III the following new paragraph:

"Notwithstanding the provisions of United States Revised Statutes, section 5146, nominees of Reconstruction Finance Corporation shall be qualified as such to act as directors of any national banking association."

#### EVERGLADES NATIONAL PARK, FLA.

The Senate proceeded to consider the bill (S. 324) to provide for the establishment of the Everglades National Park in the State of Florida, and for other purposes.

Mr. KING. Mr. President, a similar measure was before the Senate at the previous session.

Mr. FLETCHER. Yes; and it was passed.

Mr. KING. I should like an explanation of the bill. May I say that the reason why I am making the request is that there is a disposition to create parks everywhere and many of the States, as I am advised, are seeking to turn over to the Federal Government parks which are now under control of and perhaps belong to the States. I was wondering if there is any advantage which may be gained by the Federal Government's taking on the responsibility.

Mr. TRAMMELL. Mr. President, this is not a park that belongs to the State. It is to be created out of certain territory mentioned in the bill where the lands are very largely privately owned. The lands will have to be purchased under the requirements of the general Public Park Act. A similar bill has been before the Senate on two or three occasions. It has been approved by the Interior Department and the National Park Service, and by the Senate on two different occasions. Two years ago the bill passed the Senate. It was reported favorably again by the Senate committee a year ago, and again passed the Senate. A favorable report was made in the House upon the bill 2 years ago and again a year ago. It came rather late in the session and under the parliamentary procedure in the House the House Members most interested in it were unable to secure its consideration. It is on the Private Calendar in the House, I understand, and one Member can prevent its consideration. We should like very much to get it through the Senate at this time.

Mr. McKELLAR. Mr. President, I have not had time to read the report. Can the Senator give us any idea of the probable cost involved in the purchase of the land for the park?

Mr. TRAMMELL. It is not going to cost the Federal Government anything. The acquisition of the land and property is entirely upon the State and individuals. The Government only accepts it when it has been purchased and is ready to turn it over to the Government.

Mr. McKELLAR. How much land have they acquired, or will they acquire, before it can be accepted as a public park?

Mr. TRAMMELL. I dare say it represents an area of something like 300,000 or 400,000 acres in all. It is in the extreme southern part of the State, very tropical in character, and ideally located for a tropical park. We have nothing of the kind in the country. It will cost the Federal Government nothing whatever to acquire the land. It will only become a part of the National Park system after it shall have been turned over without cost to the Federal Government.

Mr. KING. Mr. President, my information is that it will cost \$20,000,000 for the acquisition of the land. The Senator knows when we attempt to acquire private lands, by condemnation or otherwise, for the Government or a State that those lands take on additional value. It seems to me that if this is an important project the State should take up the matter and should make the necessary arrangements. Let it be made a State park, and after that, if the Government desires to obtain it, then let the State transfer the park to the National Government.

Mr. FLETCHER. Mr. President, will my colleague permit me to interrupt and give a little history of the matter?

Mr. TRAMMELL. Certainly.

Mr. FLETCHER. We first passed a bill to have the Department of the Interior and the National Park Service investigate this area and determine whether the park plan

suggested was feasible. They did that and made a very favorable report. Then a bill was introduced at the last session similar to the bill now before us. Members of the Committee on Public Lands and Surveys went to Florida and made an investigation and submitted a favorable report confirming what the Park Service had said. We then passed the bill based upon that report.

The bill now before us simply provides for the State to cooperate in every way to see what can be done toward getting title to the area. The Government will do nothing until the survey shall have been made and the lands acquired and the State shall be ready to turn over the land to the Government. The Government is not to be put to any expense whatsoever.

Mr. McKELLAR. Does the Senator know who now owns the lands?

Mr. FLETCHER. The State owns some of the lands and is cooperating in obtaining title to the remainder. A law has been enacted in Florida authorizing the organization of an association which will be empowered to acquire title to the land in their own name and at their own expense, and with no expense to the Government at all. Then, after this shall all have been done, after surveys shall have been made and the lands shall have been acquired, they will be tendered to the Government as a park area.

This bill is necessary, because without it nobody can go to work to find out what this land can be obtained for. If there is much talk about it, probably it will make it impossible to acquire the land. It is the obligation of the people down there to acquire title to this area. The Government has nothing to do with it except to accept it when it is tendered to the Government. Then it becomes a national park, and comes under the jurisdiction of the National Park Service.

Everybody seems to be in favor of it. I do not know of anybody who has ever examined the area, either in the National Park Service or otherwise, who does not favor it. The Secretary of the Interior himself has been there and looked it over and made a report on it. This bill simply lays the foundation for acquiring title to that area.

Mr. ROBINSON of Arkansas. And when the title is tendered it is still under section 2 optional with the Secretary whether to accept it or not.

Mr. FLETCHER. Absolutely.

Mr. KING. Mr. President—

The VICE PRESIDENT. The Senator's time has expired.

Mr. KING. I was about to observe that I think this is a very important bill, and I should like to investigate it further, because I apprehend that a demand will be made upon the Government sooner or later to pay a large part of the cost of this enterprise. If I were satisfied that that would not be done, I should not object to the consideration of the bill; but I object for the present.

The VICE PRESIDENT. Objection is made.

Mr. WALCOTT. Mr. President—

Mr. ASHURST. Mr. President, has the able Senator from Utah objected?

The VICE PRESIDENT. Yes.

Mr. ASHURST. Will the Senator withhold the objection until I may say a few words?

Mr. KING. Certainly.

Mr. ASHURST. Appreciating the attitude of the able senior Senator from Utah, in the main he is correct in contending that we possibly may have gone too far in establishing parks; but in this particular case, so far as I know, there will be found but few areas on the globe comparable to this tract of land called the Everglades.

It is one of the most romantic and one of the most interesting stretches of country in all the world. The thousands of hummocks or hammocks that have so slowly been built up appear to be small islands set into a sea. The fauna and the flora in the Everglades are diversified; specimens of rare and of great beauty. The Everglades are a stretch of the globe that at once grips the imagination and challenges our lasting interest.



It is common to say "We saw a million birds", or "We caught a million fish"; but I believe that in crossing the Tamiami Trail in the proposed park you will see a million birds of beautiful plumage. It is a haven, a place of refuge for birds. I cannot at this time conceive of any other purpose to which mankind might put this tract of country, save to set it aside as a matchless form of wild life, of tree and flower, although science in the future may find some other use. I believe it to be the duty of Congress to accept for the Nation the gift of this land and to administer it as a national park.

I call attention on page 2, lines 4 to 7, to this language:

That the United States shall not purchase by appropriation of public moneys any land within the aforesaid area, but such lands shall be secured by the United States only by public or private donation.

It may be that the administration of this park will lead to some expense, but it will be well worth the expense. It will be a monument to the idealism of our Nation and a delight to those who seek to preserve one of the most interesting spots of the globe.

There are in the glades a few Seminole Indians who catch plumage birds and live on fish. What rights they have I do not know. I believe, however, that the last paragraph of the bill fully protects the rights the Indians may have in that area.

Mr. WALCOTT. Mr. President—

Mr. ASHURST. I yield to the Senator from Connecticut.

The VICE PRESIDENT. Objection being made, the bill will be passed over.

Mr. WALCOTT. Mr. President, if the bill is going over, I will not take the time of the Senate to speak on it. I very much hoped the Senator from Utah would not object to the consideration of the bill, because I believe it is quite important. Has the bill gone over?

The VICE PRESIDENT. The bill has gone over.

Mr. WALCOTT. Very well.

#### SALES OF TIMBER ON INDIAN LAND

The bill (S. 1513) to amend Public Act No. 435 of the Seventy-second Congress, relating to sales of timber on Indian land, was announced as next in order, and was read, as follows:

*Be it enacted, etc., That Public Act No. 435 of the Seventy-second Congress entitled "An act to authorize the Secretary of the Interior to modify the terms of existing contracts for the sale of timber on Indian land when it is in the interest of the Indians so to do" is hereby amended by striking from the first section thereof the words "Provided, That the prices are not reduced below the basic sale prices."*

Mr. KING. Mr. President—

Mr. McKELLAR. Mr. President, I think we ought to have some explanation of this bill.

Mr. STEIWER. Mr. President, I will undertake in just a word to make the explanation requested.

Mr. KING. I shall object to the consideration of the bill.

Mr. STEIWER. On the Klamath Indian Reservation in Oregon some portion of the stumpage belonging to the Indians is under contracts of sale made with the approval of the Secretary of the Interior. The operators who purchase the stumpage and manufacture the timber into lumber do so under executory contracts, the prices in the contracts being subject to progressive increases. The Secretary over the years has made numerous increases; and the timber price now, under most of the contracts, stands at six or seven or eight dollars per thousand. The result is that no operator can cut any timber at all. The Indians, as well as the operators, are very anxious to modify those contracts so that the prices may be put in line with present market conditions.

I will say to the Senator that the Indians subsist from the proceeds of the sale of this stumpage.

Mr. McKELLAR. Mr. President, will the Senator yield right there?

Mr. STEIWER. In just a moment.

A bill was passed in the last Congress permitting the Secretary of the Interior, with the consent of the Indians and the consent of the operators, to modify these contracts by scaling down prices. In that bill, however, there was a provision that the Secretary could not lower the price below the basic sales price, and it was found in some cases that the basic sales price was still a dollar or \$2 or \$3 above the existing market. For this reason it was not possible to make any adjustments that would enable any timber to be cut; and the Indians, who are dependent upon the revenues from the timber, are now approaching the point where they will have to be fed by the United States Government.

The only purpose of this bill, introduced by my colleague [Mr. McNARY], was to strike out of the bill of the last Congress the provision that the adjustment could not go below the basic sales price.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. STEIWER. Certainly.

Mr. McKELLAR. This matter has been up a number of times before the Appropriations Committee of the Senate. We have heard much testimony about it. It developed there not long ago that while this lumber was being sold the amount being sold under the contracts had very greatly diminished. Formerly it brought as much as a million dollars, or perhaps \$1,200,000, a year. At that time, according to my recollection, there were about 78 or 80 Government employees who had a preferred claim upon all the sales. They came first, and they all had automobiles except three. They were all getting good salaries—from \$2,200, as I recall, to about \$6,000. They all had homes—

The VICE PRESIDENT. Five minutes has expired.

Mr. McKELLAR. I will use 5 minutes for myself and ask this question of the Senator, if he does not mind—

The VICE PRESIDENT. That is not according to the rule. Debate on each bill is limited to 5 minutes.

Mr. McKELLAR. May I be recognized?

The VICE PRESIDENT. No; 5 minutes was the limit of debate, and the 5 minutes has expired.

Mr. McKELLAR. I did not understand the agreement.

Mr. ROBINSON of Arkansas. I ask unanimous consent that the time for debate on this bill be extended 5 minutes.

Mr. KING. I object to the consideration of the bill.

The VICE PRESIDENT. The clerk will read the next bill.

Mr. STEIWER. Mr. President, may I ask the Senator from Utah to withhold his objection for just a minute?

Mr. KING. Certainly.

Mr. STEIWER. I think possibly the Senator from Utah is disturbed by what has just been said by the Senator from Tennessee. I want to assure both of those Senators that the condition that has been complained about—and I joined in the complaint—has been largely corrected. The delegate of the Klamath Indians who appeared before the committee and objected to those expenditures himself helped prepare the bill now pending. The Indians themselves favor it; and they will be greatly disappointed and seriously injured unless we can clothe the Secretary of the Interior with the power to do the things that are necessary to be done in order to enable some operations to be carried on in that reservation.

Incidentally, among the delegates before the Appropriations Committee, was Mr. Crawford, an Indian. Within recent days he has been appointed to the position of financial clerk on that reservation, and because no agent is maintained there he will assume charge of the operation. Thus the Indians themselves will be in charge of their own affairs; and I do not believe there is any conceivable ground for objection to the proposed bill. The Secretary of the Interior recommends the bill. Mr. Collier, the Commissioner of Indian Affairs, recommends the bill. The Indians themselves helped prepare the bill; and I do not know of any purpose that would be served by an objection.

Mr. McKELLAR. Even now more than half of the income due to the Indians is going to Americans who have charge of the work out there.

Mr. FESS. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. FESS. I understood that, on the suggestion of the Senator from Oregon [Mr. McNARY], the debate was to be limited under rule VIII to 5 minutes to each Senator. I am wondering whether we are not working under a misunderstanding.

The VICE PRESIDENT. The Chair was in error in making the ruling that only one Senator had 5 minutes.

Mr. KING. I will withdraw my objection temporarily. I have 5 minutes, have I?

The VICE PRESIDENT. The Senator has 5 minutes.

Mr. KING. Mr. President, may I say to the Senator from Oregon that for a number of years there has been a very acrimonious discussion between the Indians and the Department and the individuals or companies who had contracted to purchase the timber upon the Klamath Reservation. The evidence showed that the representative of the Indian Bureau had, I think without authority, modified the contracts and relieved the contractors of the payment of the amounts which the contracts called for and the Indians thus were robbed of substantial sums. Because there was a decline in the price of lumber and the profits of the contractors were not as great as they anticipated, many of the contractors declined to go forward with their contracts, the result of which was that doubtless they suffered, and, of course, the Indians who relied upon the proceeds derived from the sale of their own timber suffered.

It seemed to me that this was a scheme to evade contracts; to relieve the white contractors and companies from obligations which they entered into with their eyes open. As a matter of fact, they had behind them the Indian Bureau sympathizing with them; and the Indians were the ones who were the victims of these violations of the contracts.

If this measure is to validate the former action of the Indian Bureau and to relieve the contractors from the obligations which they entered into to pay a certain price for the timber, it would seem to me that in good conscience, measured by any standard of ethics and justice, this measure ought not to be passed. I inquire for information in my own time, if I have a few moments, if this plan is to relieve the contractors of valid obligations which they entered into, and to relieve them of back payments which were due to the Indians under contracts, thus diminishing the funds to which the Indians were entitled, and which they ought to have in order to meet their necessities, because this is their source of revenue and income.

Mr. STEIWER. Mr. President—

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from Oregon?

Mr. KING. I do.

Mr. STEIWER. If I may answer, this proposal will not relieve the contractors of any existing obligation.

Mr. KING. How about past obligations?

Mr. STEIWER. I understand it will not affect past obligations at all. It will permit the Secretary, with the consent of the operator and the Indian, in the case where the Secretary thinks it is to the interest of the Indian, to make a lower price for the future.

Mr. KING. Mr. President, I shall withdraw my objection, with this understanding: I shall make further investigation this afternoon, and, if the situation is as I have outlined it, I shall ask the Senator then to consent that a motion to reconsider may be entered, and the bill restored to the calendar for consideration. I want to protect the Indians because I know from investigation that they have been shamefully robbed in the past, not only on this reservation, but on various other reservations. I withdraw the objection.

Mr. McKELLAR. Mr. President, I am going to interpose an objection in a moment, but before doing so, I want to state that the expense of handling timber out in that country is greater than what the Indians have received in any one year in the last several years. It is very valuable timber. I have sent down to get the exact figures, and will put them into the RECORD. In other words, I think it would be better,

at the present prices of timber, and considering the present cost of handling such timber as is concerned, for the Government to make a straight-out appropriation to the Indians, and keep the timber.

I might be mistaken if I attempted to give the exact figures, and I want to have them correct. We have the figures in the Committee on Appropriations, and I have sent for them. In the meantime I will object, but the next time the bill is reached on the calendar we will have the figures so as to be able intelligently to consider the bill.

The VICE PRESIDENT. On objection, the bill will be passed over.

Mr. STEIWER subsequently said: Mr. President, I ask unanimous consent to have added to the remarks I made a little while ago, with respect to the Klamath Indian bill (S. 1513), a copy of the report of the Secretary of the Interior on the measure.

There being no objection, the matter referred to was ordered to be printed in the RECORD, as follows:

THE SECRETARY OF THE INTERIOR,  
Washington, May 1, 1933.

HON. BURTON K. WHEELER,  
Chairman Committee on Indian Affairs,  
United States Senate.

MY DEAR MR. CHAIRMAN: Reference is made to your informal request of April 26, 1933, for a report on S. 1513, which would amend the first section of Public Act No. 435, Seventy-second Congress, approved March 4, 1933, by striking therefrom the words "Provided, That the prices are not reduced below the basic sales prices."

The act now sought to be amended was before the Congress for over a year before being passed, and final action was taken only after serious study by both the Senate Committee and the House Committee on Indian Affairs. Many modifications from the original form in which the bill was introduced resulted. The Department of the Interior did not recommend its passage in the original form, but recognized that relief to the contractors on Indian timber was necessary if operations were to be continued, and offered a substitute bill. In its report it said (72d Cong., 1st sess., H.Rept. No. 1302):

"The situation in the lumber industry is deplorable and the need for relief urgent. It is quite probable that certain purchasers of timber on Indian reservations will be unable to carry their contracts to completion unless the stumpage prices are reduced below the rates per thousand feet originally bid, and that as a result the Indians will suffer substantial losses through such defaults."

It seems to be conceded by those best qualified to know that conditions in the lumber industry are worse now than they were in January 1932, when the above was written. It would seem, and the timber contractors state, that operations cannot be carried on except at a financial loss if relief only to the extent possible under the provisions of the act of March 4, 1933, supra, is provided. Certain of them have requested the amendment proposed in S. 1513 so that prices may be reduced below the basic sales prices.

Hearings were held on April 22 and 24 in the Office of Indian Affairs by the Commissioner of Indian Affairs, attended by representatives of the purchasers of Indian timber on the Klamath Reservation and the official delegate to Washington of the Klamath Tribe, who is also chairman of the tribal business committee. It was agreed by both the representatives of the purchasers of Klamath timber and the Klamath delegate that the relief sought is necessary (at least under some of the outstanding contracts) unless the contracts are to be voided.

The act, of course, applies to other reservations, but the largest number of contracts involved is on the Klamath Reservation.

It is to be noted that no action can be taken under the provisions of the act of March 4, 1933, supra, without the consent of the Indians expressed in general council.

I recommend that S. 1513 be enacted into law.

Sincerely yours,

HAROLD L. ICKES,  
Secretary of the Interior.

Mr. McKELLAR subsequently said: Mr. President, today in discussing a Klamath Indian bill I stated that there were certain figures in the possession of the Appropriations Committee which I did not have with me at the time, but that I had sent for them. I have since received them, and now ask unanimous consent that I may insert in the RECORD at the conclusion of my earlier remarks excerpts from hearings on the Interior Department appropriation bill for 1934 before the Senate committee and like hearings before the House committee on the bill for 1933.

There being no objection, the excerpts were ordered to be printed in the RECORD, as follows:



[From hearings before a subcommittee of the Committee on Appropriations, United States Senate, Seventy-second Congress, second session, on H.R. 13710, a bill making appropriations for the Department of the Interior for the fiscal year ending June 30, 1934, and for other purposes]

#### AUTOMOBILES

As to the automobiles, I might just say that there are 47 cars on that reservation, and none have been purchased within the last 2 years.

Senator McKELLAR. How many do they have there?

Mr. SCATTERGOOD. Forty-seven.

May I just draw you a picture as to the conditions there?

Senator McKELLAR. All right; and then I want to ask you some questions about it.

Mr. SCATTERGOOD. Very well. The number of cars was, of course, large at the time when very large business operations were under way. The reservation itself is some fifty-odd miles long and forty-odd miles wide, with forests scattered over a large part of it, and the agency itself is on the western side, nearly half way, north and south.

Senator McKELLAR. How far in miles; what is the distance?

Mr. SCATTERGOOD (continuing). So that there are many miles to travel to get to the scenes of the forest operations.

Senator McKELLAR. How many miles?

Mr. SCATTERGOOD. Well, it is about 45 miles wide, and the agency is very near the western border, and about 20 miles from the southern boundary, and I should say 30 miles, roughly, from the northern boundary.

Now, to get out to the scenes of operations, when they are operating that is, to where the forest work is done, and where the scaling and where the supervisory work is done, marking of trees, and so on, requires traveling long distances by whoever is engaged in carrying on the work of the reservation. And there are a large number of activities.

Senator McKELLAR. Are these all one-seated cars?

Mr. SCATTERGOOD. All kinds of cars—some trucks; and that is the whole fleet.

Senator McKELLAR. Well, will they not carry more than one person in each car?

Mr. SCATTERGOOD. Of course, we have cars that will.

Senator McKELLAR. And does every person have to have a car?

Mr. SCATTERGOOD. As a matter of fact, we have now 27 employees, so that there would be almost 2 cars to the employee, if you count all the fleet that was needed for the peak load of lumber operations, and that are still on hand.

Senator McKELLAR. Twenty-seven employees and 47 cars.

Mr. SCATTERGOOD. If you want to take it that way. But, of course, not all of them are in use now, and it is not a fact that there is a car for every employee's use.

Senator McKELLAR. What is your gasoline bill for those 47 cars on that reservation, what are you paying for gasoline and oil, what did you pay for gasoline and oil last year?

Mr. SCATTERGOOD. Well, we would have to find out from the superintendent what that amounted to.

"Five thousand three hundred and four dollars and ten cents. This includes gasoline and oil for passenger-carrying vehicles and trucks engaged in road, beetle control, fire suppression, timber preservation and care, and other work on the reservation."

Senator McKELLAR. I wish you would get it and furnish it to us, and how much you paid for repairs, and how much these 47 cars cost. I would like to know all of that.

Mr. SCATTERGOOD. We will be glad to get that.

Repairs to automotive equipment, \$2,957.24. Purchase price of all cars, \$31,328.48.

#### EMPLOYEES—REDUCTION IN NUMBER

There are 11 forestry employees and 16 agency and hospital employees there at the agency now. That is 27 employees. That number has been reduced from 56. There are 29 vacant positions at the present time.

Senator McKELLAR. But, that was only done after the fight that was carried on here at last session, and we had to bring down public opinion on you gentlemen, because you cut them down only when you had to.

Mr. SCATTERGOOD. I think if you will look into the record that you will find that there was some cutting already taking place. I do not hesitate to say that there may have been some lag in reductions to correspond with the cutting down of the amount of timber operations.

#### AUTOMOBILES

Senator McKELLAR. I want to ask you this question: Why could you not get along there with one truck to take all of the people out on the reservation every morning, if they want to go there and bring them back every afternoon, and one general passenger car for those who are unable to get around otherwise? Why would not 2 automobiles, 1 truck, and 1 passenger-carrying car do the whole job? If that was in private business, that would be all that would be used.

Mr. SCATTERGOOD. Well, the operations are scattered all over the reservation, and these people have to travel out from the agency in many directions. They do not all go to the same place. They do not all go at the same time.

Senator McKELLAR. I know that; but why could you not take a truck and carry out a great many people in a short space of time?

Mr. SCATTERGOOD. You mean operate it like a school bus and take the people out over the circuit and drop them off?

Senator McKELLAR. Yes; you could do that.

Mr. SCATTERGOOD. That might be possible for certain employees, but when you have the forestry scalers and supervisors going out into remote places, where the cutting is taking place, they go alone to separate places. There would not be anybody else going to the same place, and it would be pure waste of time for the bus to try to go everywhere.

Senator McKELLAR. You could have a passenger car to carry that man, but I cannot see the necessity for the superintendent and the assistant superintendent and every employee and every school teacher and every marker, or scaler, and everybody, except the two stenographers—how many stenographers have you there? Two or three?

Mr. DODD. Six clerks—stenographers.

Senator McKELLAR. Six? How many? How many stenographers? Somebody here said that the stenographers did not have cars.

Mr. DODD. I think that there are three stenographers.

Senator McKELLAR. Three stenographers. I think that is an injustice, if we are going to pursue the plan that is being pursued, or we are pursuing. I want to protest against it, because it is the wrong plan in the first place; but in the second place, I am an old bachelor and I want to protest against the unfair discrimination against giving legalized graft to the others and not giving legalized graft to the stenographers. I think that the stenographer is just as much entitled to a car as any of the rest of us people.

Mr. SCATTERGOOD. Senator, I think that I can say that the only people who use these cars are those who have occasion to travel in connection with their work, unless somebody is breaking the rules. We will be glad, indeed, to consider any plan you suggest for the use of these cars.

Senator McKELLAR. I am going to offer an amendment when it comes time to take that up, to the effect that there be allowed one truck and one passenger car for that reservation. I think that is enough. But before I do that I want to ask for some other information.

Mrs. CRAWFORD. Mr. Chairman, may I say that Mr. Scattergood—I do not wish to engage in an argument with the gentleman—but he has made it appear that they have several activities scattered over the reservation at various points that these people have to go to.

Albert W. Christy had charge of one of the road camps, and he went out there on the road and stayed at the point where he was working, but with some of those employees, they have evidently felt that it was beneath their dignity to live at the place where they were working and stay at that place. They get in a travel status, Mr. Chairman, and they go from the agency to their work, and that puts them in travel status, and they are allowed an automobile, gas, oil, and in addition to that, subsistence. Now, I do not know what that subsistence is, but it is a dollar and a half or two dollars a day.

Senator McKELLAR. They get pay when they are traveling in automobiles, that is, you mean that they get subsistence pay of so much a day?

Mrs. CRAWFORD. Yes, sir; they do, Senator McKELLAR.

Senator McKELLAR. They do?

Mrs. CRAWFORD. Yes, Senator. I do not know how much they get, but they get a dollar and a half or two dollars a day.

Senator McKELLAR. In addition to their regular salaries?

Mrs. CRAWFORD. In addition to their regular salaries.

Senator McKELLAR. Because they are traveling in automobiles, from one place to another?

Mrs. CRAWFORD. Yes, sir; they travel over the highways, and they get travel status. I do not see why they cannot stay at the camp where they are working and do their work. Indians are not allowed to be in travel status. They stay at the camps.

Senator McKELLAR. Are any of these 47 automobiles used by the Indians?

Mrs. CRAWFORD. No, sir; they do not use them.

Senator McKELLAR. Do they need 47 automobiles to run that reservation?

Mrs. CRAWFORD. We maintain they do not. Of course, it is quite true that they have had 57 or 60 employees, and 47 automobiles. But we are not getting any income now, anything like what it was 5 or 6 years ago. Our appropriation ought to be reduced to meet the situation we are facing today.

Senator McKELLAR. Well, let me ask you this: What could they get along with out there in the way of automobiles and trucks? Would one truck and one automobile carry these people when it is necessary and where it is necessary for them to go?

Mrs. CRAWFORD. Well, if they stayed out in the camps, they could have somebody take them out at the end of the week when they go back to their work. Perhaps they could stay over the week-end at the agency.

Senator McKELLAR. Yes; but if they did that, they could not get any travel pay—extra travel pay?

Mrs. CRAWFORD. No; they would not; they would not be in travel status.

Senator BRATTON. How many Klamath Indians are there?

Senator McKELLAR. I am surprised that you have got any timber or property there at all.

Mrs. CRAWFORD. There are thirteen hundred Indians.

Senator BRATTON. Thirteen hundred?

Mrs. CRAWFORD. Yes, sir.

Senator BRATTON. What is the size of the reservation?

Mrs. CRAWFORD. Forty-five by sixty miles; approximately 1,110,000 acres.

Mr. CRAWFORD. Mr. Chairman and members of the committee, I want to say this for your information: That we do not have any activity out there that is alive. Our timber industry is dead—the lumbermen are not operating. That is the thing that I want the committee to consider and have been trying to get the Department to consider, and remember that we are not doing anything out there and Superintendent Blair stated so in this letter that I referred to in the House hearings. In the letter to the Commissioner he states that they are not doing anything out there.

Senator McKELLAR. Will you wait 1 minute while I ask Mr. Scattergood a question?

Mr. CRAWFORD. Yes, Senator.

#### TRAVEL PAY OF EMPLOYEES

Senator McKELLAR. I wish you would give us the figures as to how many of these men have been drawing travel pay, getting these automobiles, and then drawing travel pay in addition to their salaries?

Mr. SCATTERGOOD. We will try to look that up. As a matter of fact, I think that the rule is that if they start out before 8 o'clock in the morning and are kept on official business throughout all of the day and do not get back until—I think it is—7 o'clock at night that then only can they get any consideration for travel.

Now, I know that many of them—

(See page 126 for information requested.)

Senator McKELLAR. That means that they have to start out, and stay out until they can make their travel pay, and they are given, in addition, their salaries that they now receive, which, if I remember, vary from between \$5,800 down to \$2,000, or down as low as \$2,000. I think that is about the lowest. It may be \$1,800. They may then travel, and that is extra, and they travel in Government automobiles, run with Government gasoline, or Indian gasoline, and Indian automobiles, and then in addition to that you gentlemen are allowing this additional dollar and a half for travel pay on those circumstances. You ought, every one of you, to be removed from office; you ought, every one of you, to be removed.

Mr. SCATTERGOOD. Let me say this, that if they are doing official work, and then only when they are out for a certain length of time. I have been personally on that reservation with those people when they could not even charge up their lunches—when they had to pay for their own lunch and when they were at a place 20 miles away from home and had to go to a restaurant and pay for their own meals, and they could not get any Government allowance for that.

Senator McKELLAR. That is about the only thing that they could not get a Government allowance for?

Mr. SCATTERGOOD. No. Those persons are not dishonest and trying to beat the Government. They are allowed only such expenses as are authorized by the standard travel regulations promulgated by the Comptroller General for the entire Government service.

Senator McKELLAR. You may think it is all right, but I want to tell you here is one man that does not think it is right.

Mr. SCATTERGOOD. We want first to try to get the facts in the case and let us all pass upon the facts.

Senator BRATTON. How many employees are there on that agency?

Mr. SCATTERGOOD. Twenty-seven employees; 11 in the forestry service now and 16 in the hospital and agency. That has been reduced from a total of 56 in 1929. There are 29 vacancies there at the present time.

It is perfectly true that there is virtually nothing going on in the way of timber operations at the present time. I was picturing a situation when in normal times there were 12 operating companies with scattered points of operations many miles away from the agency. That was the sort of condition that the scalars and other supervisory people had to meet and they had to reach every day several points, and they could not make collective trips.

Now, at the present time it is different, but we have these left-over automobiles.

Now, they are not used to the extent of anything like one automobile to the employee. We have not bought any new cars in 2 years, and there is no real abuse in this. It makes a big picture, of course, and it makes it as if there were a lot of joy riding going on around there. If there is, we will clear it up.

Senator BRATTON. Let me ask you this: You say that you have 29 employees now?

Senator McKELLAR. Twenty-seven.

Mr. SCATTERGOOD. Twenty-seven.

Senator BRATTON. Twenty-nine vacancies; not 29 employees.

Mr. SCATTERGOOD. Yes.

Senator BRATTON. Over what period of time have you reduced the personnel by 29?

Senator McKELLAR. My recollection is that there were 47 last year, when we made a very active fight.

Mr. SCATTERGOOD. That was at the time of the hearings, Senator, last spring. We have been reducing, as these operations have been cut down, through the last year, to a considerable amount, but even before that we were reducing the personnel at the agency.

As I said before you came in, Senator BRATTON, there may have been some lag in the adjustments.

Senator McKELLAR. Wait just 1 minute.

Mr. SCATTERGOOD. But this is how it has worked out.

Senator McKELLAR. Wait 1 minute.

Mr. SCATTERGOOD (continuing). We have tried to cut them down. Senator McKELLAR. You are talking about reductions. Will you give us your reductions from 1929 to 1930, and 1930 to 1931, and

1931 to 1932, and on up to the present time? Give us the reductions by years. My recollection now is, on these reductions, that they only took place after the debate on the floor of the Senate here last spring or summer. That is my recollection.

Mr. SCATTERGOOD. As I say, there was some lag, but remember that the depression did not become so virulent, so very virulent, until the last year. Throughout 1931 there were still considerable operations going on. In 1932 there was very little. The number of positions carried on the approved salary list for the years beginning July 1, 1929, 1930, 1931, and 1932, are as follows:

July 1, 1929 (fiscal year 1930).....	55
July 1, 1930 (fiscal year 1931).....	57
July 1, 1931 (fiscal year 1932).....	57
July 1, 1932 (fiscal year 1933).....	38

While 38 positions were authorized for 1933, the number has been reduced since July 1, 1932, to 27.

Senator McKELLAR. Now, I want to ask you another question. Do these people all live in separate houses?

#### HOUSING OF EMPLOYEES

Mr. SCATTERGOOD. Yes; there are a good many different houses. Some of them live in the employees' club.

Senator McKELLAR. Employees' club?

Mr. SCATTERGOOD. The unmarried employees.

Senator McKELLAR. Do they pay rent?

Mr. SCATTERGOOD. Yes; every employee pays rent.

Senator McKELLAR. Pays rent?

Mr. SCATTERGOOD. Yes.

Senator McKELLAR. To whom does he pay rent?

Mr. SCATTERGOOD. Well, it is deducted from their salaries, and there is a regular scale for it.

Senator McKELLAR. There is a regular scale for rent?

Mr. SCATTERGOOD. Yes.

Senator McKELLAR. Will you give us the facts about the rents which they pay for their houses? Does the superintendent have to pay for his house?

Mr. SCATTERGOOD. Yes.

Senator McKELLAR. How much deduction is there for rent?

Mr. DODD. The \$1,200 man gets \$120 taken from his salary, and beginning with about \$1,500 a year up to \$2,000, they take away \$180; from \$2,000 up to possibly \$3,000 it is \$240; and then the superintendent would have deducted \$400 from his salary for the quarters he occupies.

Senator BRATTON. That is a uniform scale applicable throughout the system or the service?

Mr. DODD. Yes, sir.

Senator McKELLAR. In giving the salaries is that before the deduction or after the deduction?

Mr. DODD. The salaries given in the Budget details are the gross salaries which are paid. Those detailed are the gross salaries without any deductions. And then, if you will notice, we have put in a line at the bottom of the table showing the deductions as allowances for quarters, subsistence, and so forth. Some are fed in the hospital. The nurses, cooks, and other hospital employees are furnished subsistence from the hospital and they have an additional sum deducted from their salaries.

Senator McKELLAR. Does that include both board and lodging?

Mr. DODD. It would include board and lodging. In that case the nurses and others receiving subsistence would have an additional \$180, or a total of \$360 deducted from the gross salary, whatever that might be.

Senator McKELLAR. The people who live in the houses pay for the houses? For instance, the bungalow with four rooms and a bath? They do not get any food?

Mr. DODD. No, sir. They furnish their own food.

Senator McKELLAR. Those people who live in the houses furnish their own food?

Mr. DODD. Yes, sir.

Senator McKELLAR. Is that furnished by the Government at a reduced price?

Mr. DODD. No, sir. In some places they run a Government mess for the single employees, and the married families usually provide their own food in their own way. They may take their meals at the mess, paying for such meals out of their salaries.

Senator McKELLAR. But if they are single they can get it through the Government?

Mr. DODD. No, sir; They cannot. The mess is paid for by the employees and not by the Government.

Mr. SCATTERGOOD. I should like to say something in regard to another item Mrs. Crawford mentioned.

Senator McKELLAR. Before we leave this other point, I want to ask the gentlemen about these houses. Who buys these houses? Are they bought at the expense of the Government or at the expense of the Indians?

Mr. SCATTERGOOD. They were built at the expense of the tribal fund of the Indians.

Senator McKELLAR. It seems to me there are a good many of them there.

Mr. SCATTERGOOD. Yes, sir. There were some very large timber operations there.

Senator McKELLAR. Mr. Chairman, I should like to ask that the reporter insert in the record at this point the portion I have marked, beginning on page 611 of the hearings before the House Committee on Appropriations for 1933.

Senator SMOOT. That may be done.



(The matter referred to is as follows:)  
*List of buildings under the jurisdiction of Klamath Agency, Oreg.*  
 LOCATED AT KLAMATH AGENCY, OREG.

No.		Constructed	Value
1	Agency office.....	Inventory, 1918.....	\$3,500.00
2	Bungalow (superintendent).....	June 1919.....	5,000.00
3	Chapel and classrooms.....	Inventory, 1918.....	14,300.00
4	School mess.....	do.....	13,300.00
5	Cottage, 7 rooms and bath.....	do.....	300.00
6	Laundry.....	do.....	1,000.00
7	Cottage, 4 rooms and bath.....	do.....	500.00
8	Cottage, 6 rooms and bath.....	do.....	300.00
9	Cottage, 5 rooms.....	do.....	500.00
10	Meat and ice house.....	do.....	150.00
11	Garage (old office building).....	do.....	350.00
12	Dwelling, 2-story.....	do.....	1,500.00
13	Cottage, chief forester.....	do.....	2,500.00
14	Cottage, 4-room.....	do.....	300.00
15	Cottage, third house west of super- intendent's.....	do.....	300.00
16	Cottage, 4 rooms.....	do.....	300.00
17	Cottage, 6 rooms.....	do.....	500.00
18	Cottage (across creek).....	do.....	225.00
19	Bungalow, 4 rooms and bath.....	September 1920.....	3,819.00
20	Dwelling, 5 rooms and bath.....	Inventory, 1918.....	700.00
21	Bungalow, 4 rooms and bath.....	September 1920.....	3,819.00
22	Jail and police quarters (remod- eled to dwelling).....	Inventory, 1918.....	250.00
23	Bungalow, 4 rooms and bath.....	September 1920.....	3,819.00
24	Bungalow, forestry.....	do.....	3,818.00
25	do.....	do.....	3,819.00
26	Cottage school.....	Inventory, 1919.....	1,000.00
27	Mess building, employees'.....	June 1919.....	8,000.00
28	Cottage, 5 rooms and bath.....	Inventory, 1918.....	600.00
29	Boys' dormitory.....	do.....	3,000.00
33	Commissary.....	do.....	800.00
35	Electric-light plant.....	do.....	2,000.00
35a	Power house.....	do.....	90.00
36	Machine shed.....	do.....	75.00
27	Garage.....	October 1922.....	250.00
28	do.....	do.....	250.00
39	Woodsheds.....	Inventory, 1918.....	75.00
46	do.....	do.....	60.00
50	do.....	do.....	60.00
51	do.....	do.....	55.00
52	do.....	do.....	120.00
53	do.....	do.....	75.00
54	do.....	do.....	75.00
54a	do.....	do.....	35.00
55	do.....	do.....	40.00
56	Barn, agency.....	do.....	1,150.00
58	Carpenter and blacksmith shop.....	do.....	1,000.00
59	Storehouse (old school jail).....	do.....	50.00
60	Carpenter shop (school).....	do.....	500.00
61	Machine shed.....	do.....	15.00
62	Meat house and root cellar.....	December 1925.....	600.00
63	Barn, school.....	Inventory, 1918.....	300.00
114	Root cellar.....	do.....	45.00
115	Poultry houses.....	do.....	10.00
116	do.....	do.....	10.00
117	Cottage, 4 rooms and bath.....	Inventory, 1926.....	1,000.00
118	Separator house.....	do.....	100.00
119	Cabins, 1-room.....	do.....	50.00
131	Garage, 2-car.....	December 1926.....	150.00
132	Garage, 3-car.....	do.....	300.00
133	Garage, tile.....	do.....	4,303.00
136	Cottage, employees'.....	December 1927.....	4,238.00
	Klamath hospital, building com- plete.....	Not carried as (cost to date, 1928).....	29,620.00

LOCATED AT MODOC POINT, OREG.

31	Farm cottage.....	Inventory, 1918.....	\$100.00
32	Farm barn.....	do.....	800.00
34	Cottage and school building.....	do.....	1,500.00
74	Cottage assistant and farmers.....	do.....	150.00

LOCATED AT BEATTY, OREG.

40	Day school no. 2.....	Inventory, 1918.....	\$500.00
41	Woodhouse and carpenter shop.....	do.....	250.00

LOCATED NORTH OF BEATTY, OREG.

42	School buildings and cottage, district no. 3.....	Inventory, 1918.....	\$5,100.00
43	Barn, day school no. 3.....	do.....	150.00
120	Machine shop and garage.....	July 1926.....	500.00

LOCATED AT YAINAX, OREG.

57	Sawyers' cabin.....	Inventory, 1918.....	\$150.00
67	Cottage, physician's.....	do.....	700.00
68	Field matron's cottage.....	do.....	700.00
69	Cottage, subagent's.....	do.....	500.00
70	Woodsheds.....	do.....	25.00
71	do.....	do.....	25.00
72	Woodshed.....	do.....	25.00
73	Cabins, 1-room.....	do.....	200.00

LOCATED AT CHILOQUIN, OREG.

64	Jail building.....	April 1925.....	\$5,825.00
65	School building, district no. 1.....	Inventory, 1918.....	5,100.00
66	Barn, day school no. 1.....	do.....	150.00

*List of buildings under the jurisdiction of Klamath Agency,  
 Oreg.—Continued*

LOCATED AT KIRK, OREG.

No.		Constructed	Value
81	Cabin, forestry.....	October 1922.....	\$300.00
121	Cabins, forestry.....	Inventory, 1925.....	150.00

LOCATED AT PIAUTE (FIVE-MILE SAWMILL)

76	Cottage.....	Inventory, 1918.....	\$300.00
136	Sawmill.....	July 1927.....	7,383.00

MISCELLANEOUS LOCATIONS

95	Lookout cabin.....	Calimus, October 1922.....	\$350.00
99	Cabins, 1-room.....	Algoma, October 1922.....	100.00
100	do.....	do.....	100.00
96	do.....	Pot Holes, October 1922.....	100.00
102	Cabins, scalers'.....	Modoc Camp No. 3, October 1922.....	129.00
103	do.....	Modoc Lumber Co., October 1922.....	118.00
104	do.....	South Calimus for Gd. Sta- tion, October 1922.....	350.00
105	do.....	Lamm Lumber Co., Septem- ber 1920.....	235.25
106	do.....	Shaw Bertram, September 1921.....	90.00
107	Cabins, portable.....	Ewauna Camp, September 1922.....	200.00
108	do.....	Chiloquin Lumber, Novem- ber 1919.....	65.00
109	Garage.....	Sprague River, November 1919.....	\$65.00
109a	Garage, Algoma logging camp.....	October 1922.....	25.00
97	Cabins, 1-room.....	Yamsy F. G. Station, Octo- ber 1922.....	75.00
98	do.....	Applegate Station, October 1922.....	75.00
110	Cabins, scalers'.....	Squaw Flat, January 1925.....	102.78
111	do.....	Pocket Camp, June 1921.....	148.00
112	do.....	Pocket Camp, January 1923.....	123.00
113	do.....	Modoc Lumber Co., Calimus marsh April 1921.....	169.27
128	do.....	Cherry Creek inventory 1926.....	75.00
125	Cabins, F. G. Station.....	Sycan inventory, 1926.....	250.00

*List of Government automobiles on hand, Klamath Agency, Oreg.,  
 June 25, 1928*

Car No.	Make and sale	Date purchased	Purpose used
1	Dodge, touring.....	October 1925.....	Superintendent.
2	Ford, touring.....	Inventory, 1918.....	To be turned in on new car.
3	Ford, large delivery.....	April 1926.....	Forestry-telephone work.
4	Ford, touring.....	September 1921.....	Agency-special officer.
5	do.....	September 1926.....	Agency livestock and farm- ing.
6	Ford, light delivery.....	June 1920.....	Forestry scaling.
7	do.....	September 1919.....	do.
8	do.....	April 1926.....	Forestry, 5-mile sawmill.
9	do.....	October 1923.....	To be turned in on new car.
10	do.....	Inventory, 1918.....	Forestry scaling.
11	Ford, touring.....	September 1926.....	Agency livestock and farm- ing.
12	Ford, 1-ton truck.....	October 1926.....	Agency general hauling.
13	do.....	March 1923.....	Forestry-telephone work.
14	Ford, light delivery.....	Inventory 1918.....	Forestry scaling.
15	do.....	do.....	Agency carpenter.
16	Dodge, commercial.....	July 1925.....	Agency garage.
17	Ford, coupe.....	March 1924.....	To be turned in on new car.
18	do.....	June 1928.....	Agency field matron.
19	Ford, touring.....	May 1923.....	Agency livestock and farm- ing.
20	Chevrolet, light delivery.....	April 1927.....	Forestry road work.
21	Graham, 1½-ton truck.....	April 1926.....	Forestry, general hauling.
22	Ford, light delivery.....	Inventory 1918.....	Forestry road work.
23	Chevrolet, light delivery.....	July 1925.....	Forestry supervision.
24	Ford, light delivery.....	June 1926.....	Forestry scaling.
25	do.....	do.....	Forestry road work.
26	Ford, coupe.....	do.....	Agency physician.
27	Ford, touring.....	September 1926.....	Agency financial clerk.
19a	Mack, 2½-ton truck.....	June 1928.....	Forestry, agency, general.
	Ford, coupe.....	March 1924.....	To be turned in on new car.

Mr. SCATTERGOOD. Of course, it must be realized that this Klamath Reservation, at the time when everything was busy, did a very large business—upward of a million dollars a year—in Indian royalties. I think one year there were \$1,400,000 royalties for the Indians. There was a very large business turn-over, which required a large number of employees. With changed conditions, there is no such need for that number. There has been a considerable reduction, as I have stated.

[From hearings before subcommittee of House Committee on Appropriations on Interior Department appropriation bill for 1933, Seventy-second Congress, first session]

NUMBER OF EMPLOYEES ON PAY ROLL AS OF APRIL 1931

Mr. HASTINGS. If you have it in your mind, I should like for you to run over the number of employees at the agency. You can

either do it offhand now or prepare a statement and put it in the record, submitting for our consideration just what employees on the agency should be eliminated. I should like to have that in succinct form.

Mr. CRAWFORD. I have the regular pay roll showing the list of employees and their salaries.

Mr. HASTINGS. You are going to put that in?

Mr. CRAWFORD. Yes, sir.

(The document referred to is as follows:)

*April pay roll<sup>1</sup> Klamath Agency, Oreg., 1931*

	Annual gross salary
Leroy D. Arnold, superintendent.....	\$4,200
Harold L. Shilling, day-school representative.....	1,860
Orra E. Patterson, physician.....	3,000
Carl A. Gossett, principal clerk.....	2,700
Mildred D. Neave, clerk.....	1,920
Florence J. Edwardsen (temporary clerk).....	1,620
Vera T. Lamb, junior clerk.....	1,680
Burney O. Wilson, assistant clerk.....	1,620
Willard N. Hamilton, financial clerk.....	2,300
Dorothy K. Dillstrom, clerk.....	1,800
Clara L. Allen, junior clerk.....	1,500
Alice G. Andrews, assistant clerk.....	1,800
John W. Libby, forest ranger.....	2,000
Louis C. Mueller, special officer.....	2,300
William A. Bourell, carpenter.....	1,800
Floyd Lovelace, stockman.....	1,740
Bertha D. Wallace, field matron.....	1,680
Zillah Mathias, field nurse.....	2,200
David Chocktoot, private.....	540
Warren B. MacMillan, forest examiner.....	2,700
Harry I. Nettleton, forest examiner.....	3,000
Carl D. Rawie, Sr., forest ranger.....	2,400
Silos O. Davis, forest ranger.....	2,000
Edward Neave, forest ranger.....	2,100
Nicholas Welter, junior forester.....	2,000
Arlie W. Toole, forest assistant.....	2,300
Harold Weaver, forest assistant.....	2,500
Floyd H. Phillips, forest assistant.....	2,300
Alfred E. Hart, forest guard.....	1,800
Marion J. Gober, forest guard.....	1,860
Clarence A. Middlebush, scaler.....	1,980
Ople K. Pace, scaler.....	1,920
Britton Clair, scaler.....	1,920
George C. Hepworth, scaler.....	1,920
Frank G. Maness, scaler.....	2,040
Clarence Whitaker, scaler.....	1,980
Allen F. Space, Sr., forest ranger.....	2,300
Frederick R. Moffat, forest supervisor.....	3,300
Philip J. Duffy, scaler.....	1,920
Roy Rice, scaler.....	1,860
Clyde W. Flinn, scaler.....	1,980
Lloyd E. Lamb, scaler.....	1,920
Stanley J. Johnson, Sr., forest ranger.....	2,400
Earl L. Silvers, Sr., forest ranger.....	2,400
Inez Rucker, nurse.....	2,100
Lucille L. Shilling, nurse (temporary).....	1,800
Florence Miller, nurse (permanent to take Mrs. Shilling's position).....	1,800
Pearl I. Clark, nurse.....	1,860
Matie Lemmon, cook.....	1,380
Anna Foust, laborer (housekeeper at hospital).....	1,200

*Irregular pay roll for month of April 1931, Klamath Indian Agency, Oreg.*

Temporary scalars:	Total
Chas. L. Mick, at \$5.40 per day.....	\$54.00
Harry L. Francis, at \$5.40 per day.....	81.00

135.00

*Line riders, grazing:*

Marvin Williams, at \$4.50 per day.....	94.50
William Thomason, at \$4.50.....	31.50
Dice Crain, at \$4.50 per day.....	58.50
Lee V. Corbell, at \$4.50 per day.....	49.50

234.00

*Liquor control:*

James Murphy, at \$5 per day.....	150.00
Eddie Johnson, at \$5 per day.....	10.00
R. G. Haskin, at \$5 per day.....	150.00
R. W. DeShazer, at \$5 per day.....	150.00
Rudolph Cheraldo, at \$5 per day.....	40.00
K. K. Ambrose, at \$5 per day.....	45.00

545.00

*Irregular pay roll for month of April 1931, Klamath Indian Agency, Oreg.—Continued*

*Fire protection:*

L. O. Wright, saw filing, at \$6 per day.....	\$6.00
John Scott, fireguard, at \$4 per day.....	8.00
George Glasby, fireguard, at \$4 per day.....	8.00
Fred Danelson, laborer, at \$3.75 per day.....	7.50
Fred Danelson, at 35 cents per hour.....	2.45

31.95

*Road construction and maintenance:*

Herman Akin, powder man, at \$4.25 per day.....	80.75
Jack Cody, laborer, at \$3.75 per day.....	33.75
Harry Francis, foreman, at \$5.50 per day.....	38.50
M. A. Harris, cook, at \$4 per day.....	68.00
Frank Jennie, laborer, at \$3.75 per day.....	71.25
Ted Petterson, laborer, at \$3.75 per day.....	71.25
David Shorpe, patrol operator, at \$6 per day.....	96.00
Thomas Moran, laborer, at \$4 per day.....	36.00
Carl Williams, straw boss, at \$4.70 per day.....	91.65
L. O. Wright, filer, at \$6 per day.....	6.00
Benjamin Tupper, laborer, at \$3.75 per day.....	82.50
Benjamin Mitchell, grader man, at \$5.50 per day.....	145.75
Samuel McGregor, cook, at \$4.50 per day.....	78.75
Sam Klapperick, car driver, at \$5.50 per day.....	154.00
Benjamin Jones, laborer, at \$3.75 per day.....	37.50
McKinley Jackson, laborer, at \$3.75 per day.....	63.75
Elmer Hilt, laborer, at \$3.75 per day.....	26.25
F. E. Hill, laborer, at \$3.75 per day.....	80.63
M. A. Harris, cook, at \$4 per day.....	30.00
Joe Effman, laborer, at \$3.75 per day.....	101.25
Joe Dumore, laborer, at \$3.75 per day.....	33.75
Albert Christy, foreman, at \$6 per day.....	165.00
Leland Parazoo, laborer, at \$3.75 per day.....	54.38

1,646.68

*Beetle-control work:*

L. O. Wright, saw filer, at \$6 per day.....	135.00
Frank Weideman, at \$4.25 per day.....	119.00
John Vogel, at \$4.75 per day.....	38.00
H. L. Tripp, at \$4.25 per day.....	127.50
D. H. Tripp, at \$5.50 per day.....	165.00
James W. Thomas, at \$4.25 per day.....	127.50
Ben Swigard, at \$4.75 per day.....	99.75
Virgil E. Starr, at \$4.25 per day.....	127.50
A. L. Shadley, at \$4.25 per day.....	102.00
Wm. Ruhmann, at \$5.50 per day.....	121.00
Jessie Pete, at \$4.25 per day.....	123.25
Carl Olsen, at \$4.25 per day.....	110.50
C. H. McCumber, at \$4.25 per day.....	59.50
Harry Kallander, at \$4.25 per day.....	114.75
Carrol R. Hussey, at \$4.25 per day.....	102.00
Lester Hodson, at \$4.25 per day.....	84.50
J. C. Hobby, at \$4.25 per day.....	123.25
Delmar Groshong, at \$5 per day.....	115.00
Harry Francis, at \$4.25 per day.....	21.25
Cal Francis, at \$4.25 per day.....	123.25
Leslie Flinn, at \$4.25 per day.....	119.00
Forrest Cunningham, at \$4.25 per day.....	114.75
Floyd Cunningham, at \$5 per day.....	115.00
Wesley Cole, at \$4.25 per day.....	76.50
J. B. Chohran, at \$4.25 per day.....	76.50
Russel Bower, at \$5 per day.....	145.00
J. S. Blankenship, at \$4.25 per day.....	102.00
Herman Akin, at \$4.25 per day.....	29.75
J. M. Cole, at \$4.25 per day.....	42.50

2,960.50

*Agency grounds and miscellaneous:*

Jessie Wright, at \$3.50 per day.....	75.25
Harry Wright, at \$3.50 per day.....	35.00
James Saunders, at \$3.50 per day.....	91.00
Pete McDonald, at \$4.70 per day.....	126.90
Elmer Dillstrom, at \$4.25 per day.....	110.50
Ernest Clauson, at \$3.50 per day.....	84.00
John Barclay, at \$4 per day.....	112.00

634.65

*Miscellaneous:*

C. R. Andrews, janitor, at \$4 per day.....	120.00
Jan. O. McKenzie, engineer, at \$4.70 per day.....	141.00
Kenneth Nelson, mechanic, at \$4.25 per day.....	55.25
Kenneth Nelson, mechanic, at \$4 per day.....	52.00
R. B. Wade, painter at \$5 per day.....	115.00
R. B. Wade, painter, at \$5 per day.....	17.50
Cora Wilson, caring for guest room at 35 cents per hour.....	12.70
Maxie Gober, telephone operator, at \$1.33½ per day.....	40.00
Gertrude I. Hepworth, laundress (hospital), at \$3.50 per day.....	35.00

588.45

<sup>1</sup>Above includes all Civil Service positions and the regular pay roll.



*Irregular pay roll for month of April 1931, Klamath Indian Agency, Oreg.—Continued*

<b>Liquor control:</b>	
Alec Tecumseh, at \$5 per day-----	\$10.00
Russell White, at \$5 per day-----	10.00
	<hr/> 20.00
<b>Miscellaneous improvements, Forestry:</b>	
Fred Danelson, at \$3.75 per day-----	86.25
George Glasby, at \$4 per day-----	96.00
W. T. Schilling, at \$3.75 per day-----	26.25
John Scott, at \$4 per day-----	92.00
	<hr/> 300.50
<b>Construction and maintenance of telephone lines:</b>	
C. R. Holmes, at \$4 per day-----	10.00
George Dohl, at \$4 per day-----	110.00
W. H. Dobney, at \$4.50 per day-----	74.25
Myron Taylor, at \$4.50 per day-----	76.50
Ted Peterson, at \$4 per day-----	18.00
Jack Nye, at \$4 per day-----	14.00
N. A. McNab, at \$4 per day-----	18.00
Sam McGregor, at \$4 per day-----	24.00
F. Jennie, at \$4 per day-----	18.00
Elmer Hilt, at \$4 per day-----	18.00
B. J. Brewer, at \$4.50 per day-----	20.25
Bill Backer, at \$4 per day-----	8.00
	<hr/> 409.00

#### SENECA INDIAN SCHOOL, WYANDOTTE, OKLA.

The bill (S. 555) to authorize the acquisition by the United States of the land upon which the Seneca Indian School, Wyandotte, Okla., is located was announced as next in order.

Mr. McCARRAN. Mr. President, I should like to have some explanation of this bill.

Mr. THOMAS of Oklahoma. Mr. President, this bill was passed at the last session of Congress, and the facts are as follows: Years ago the Indian Office located several schools in Oklahoma. Those schools were located upon the tribal lands of various tribes of Indians. At that time a school was located on the Wyandotte Reservation. Since that time pupils from other tribes have been admitted to the school, so it has ceased to be strictly a tribal school, but has now become a general Indian school.

The Government has erected numerous buildings on the land in question, but the land still belongs to the Seneca Tribe of Indians. The Department thinks that, inasmuch as the school is now a general school and the Government has expended perhaps \$100,000 upon this private land, this is a good time for the Government to purchase the land from the tribe of Indians which owns it and make this a strictly Government school, both as to the buildings and the land. The department asks for an appropriation of \$10,000 to buy the land upon which this general Indian school is located and is now conducted. That is the purpose of the bill.

The VICE PRESIDENT. Is there objection to the consideration of the bill?

There being no objection, the bill was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

*Be it enacted, etc.,* That the Secretary of the Interior be, and he is hereby, authorized to acquire for Indian school purposes, the east half southwest quarter, southeast quarter northwest quarter, east half northwest quarter and west half southwest quarter southeast quarter section 21, township 27 north, range 24 east, Indian meridian, Oklahoma.

SEC. 2. In order to carry out the provisions of section 1 hereof there is hereby authorized to be appropriated, out of any money in the Treasury of the United States not otherwise appropriated, the sum of \$10,000, which said sum when so appropriated and placed in the Treasury of the United States to the credit of the Wyandotte Tribe of Indians, shall operate as a full, complete, and perfect extinguishment of all their right, title, and interest in and to the lands above described and which sum shall be subject to disbursement under congressional authority for the benefit of the Wyandotte Tribe.

#### MISSOURI RIVER BRIDGE, KANSAS

The bill (S. 1255) to extend the time for completing the construction of a bridge across the Missouri River at or

near Kansas City, Kans., was considered, ordered to be engrossed for a third reading, read the third time, and passed.

Mr. MCGILL subsequently said: Mr. President, the Senate today passed Senate bill 1255 and House bill 48, both bills being to extend the time for completing the construction of a bridge across the Missouri River at or near Kansas City, Kans., and the bills are duplicates. I ask unanimous consent that the votes whereby Senate bill 1255 was ordered to be engrossed for a third reading, read the third time, and passed, may be reconsidered, and that the bill may be indefinitely postponed.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the bill will be indefinitely postponed.

#### MISSOURI RIVER BRIDGE, KANSAS

The bill (S. 1256) granting the consent of Congress to compacts or agreements between the States of Kansas and Missouri for the acquisition, maintenance, and operation of a toll bridge across the Missouri River near Kansas City, Kans., for the construction and maintenance of connections with established highways, for the incorporation of such bridge in the highway systems of said States, and for other purposes, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

*Be it enacted, etc.,* That the consent of Congress is hereby granted to any agreements or compacts that have heretofore been or may hereafter be entered into by and between the State of Kansas, or the highway department or other public agency thereof, and the State of Missouri, or the highway department thereof, pursuant to statutes enacted or to be enacted or resolutions adopted or to be adopted by each of such States, providing:

(a) For the authorization of the construction of a toll bridge over the Missouri River between Wyandotte County, Kans., and Platte County, Mo., at or near Kansas City, Kans., by Regional Bridge Co. (successor and assignee of the Interstate Bridge Co.), and granting to such company all necessary lands under water belonging to the said States;

(b) For the transfer of such bridge to and acceptance of such bridge by such States, or the respective highway departments or other public agencies of such States, subject to any mortgage thereon and pledge of tolls previously executed by the Regional Bridge Co. to secure a loan for its construction;

(c) For the incorporation of said toll bridge in the highway systems of such States;

(d) For the construction and maintenance of approaches by such States, or the respective highway departments or other public agencies of such States, and of connections with established highways;

(e) For the regulation of tolls, maintenance, operation, insurance, policing, regulation of traffic over said bridge, and all matters relating thereto and for the financing of the construction thereof;

(f) For the prohibition against the construction or operation of any other bridge, ferry, tunnel, or other competing facility by such States, or any political subdivision thereof, or the granting by such States of any rights, privileges, or franchises, except such as are now constructed and in operation, within a distance of 5 miles in either direction from the location of the proposed toll bridge, measured along the meandering course of the Missouri River, so long as there shall remain unpaid any loan or any part thereof to secure which a mortgage on said bridge and a pledge of tolls therefrom had been executed; and

(g) For the continuance of said bridge as a free public bridge connecting and constituting a part of the highway systems of such States after the liquidation of the cost of construction and interest and other charges incident thereto from tolls collected.

SEC. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

#### MISSOURI RIVER BRIDGE, KANSAS

The bill (H.R. 48) to extend the time for completing the construction of a bridge across the Missouri River at or near Kansas City, Kans., was considered, ordered to a third reading, read the third time, and passed, as follows:

*Be it enacted, etc.,* That the time for completing the construction of a bridge across the Missouri River at or near Kansas City, Kans., authorized to be built by the Interstate Bridge Co., its successors and assigns, by an act of Congress approved May 22, 1928, heretofore extended by acts of Congress approved March 2, 1929, and June 30, 1930, is hereby further extended 2 years from May 22, 1933.

SEC. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

#### PEEDEE RIVER BRIDGE, SOUTH CAROLINA

The bill (H.R. 1596) to extend the times for commencing and completing the construction of a bridge across the Pee Dee River and a bridge across the Waccamaw River both at

or near Georgetown, S.C., was considered, ordered to a third reading, read the third time, and passed, as follows:

*Be it enacted, etc.,* That the times for commencing and completing the construction of a bridge across the Peedee River and a bridge across the Waccamaw River, both at or near Georgetown, S.C., authorized to be built by the county of Georgetown, S.C., by an act of Congress approved May 29, 1930, are hereby extended 1 and 3 years, respectively, from May 29, 1933.

SEC. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

#### WACCAMAW RIVER BRIDGE, SOUTH CAROLINA

The bill (H.R. 4127) to extend the times for commencing and completing the construction of a bridge across the Waccamaw River near Conway, S.C., was considered, ordered to a third reading, read the third time, and passed, as follows:

*Be it enacted, etc.,* That the times for commencing and completing the construction of a bridge authorized by act of Congress approved February 10, 1932, to be built by the State Highway Commission of South Carolina across the Waccamaw River near Conway are hereby extended 1 and 3 years, respectively, from the date of approval hereof.

SEC. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

#### MAHONING RIVER BRIDGE, OHIO

The bill (H.R. 4491) to extend the times for commencing and completing the construction of an overhead viaduct across the Mahoning River at Struthers, Mahoning County, Ohio, was considered, ordered to a third reading, read the third time, and passed, as follows:

*Be it enacted, etc.,* That the times for commencing and completing the construction of an overhead viaduct authorized by act of Congress approved February 10, 1932, to be built by the Board of County Commissioners of Mahoning County, Ohio, across the Mahoning River, at Struthers, Mahoning County, Ohio, are hereby extended 1 and 3 years, respectively, from the date of approval hereof.

SEC. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

The VICE PRESIDENT. That completes the calendar.

#### PROTECTION OF GOVERNMENT RECORDS

Mr. ROBINSON of Arkansas. Mr. President, I suggest that we now return to Order of Business 22, House bill 4220, for the protection of Government records.

The VICE PRESIDENT. Is there objection?

There being no objection, the Senate proceeded to consider the bill.

Mr. JOHNSON obtained the floor.

Mr. ROBINSON of Arkansas. Mr. President, before the Senator from California proceeds, I call attention to the fact that at the suggestion, I think, of the Senator from New Mexico, I had incorporated in the bill the word "and" before the words "shall willfully." I think that improves the language of the bill.

The VICE PRESIDENT. The question is on the engrossment of the amendment and the third reading of the bill.

Mr. VANDENBERG. Mr. President, will the Senator from California yield to me to suggest the absence of a quorum? This is an important matter, and Senators should be present.

Mr. JOHNSON. I yield.

Mr. VANDENBERG. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Connally	Hale	Metcalf
Ashurst	Coolidge	Harrison	Murphy
Austin	Copeland	Hastings	Norbeck
Bachman	Costigan	Hatfield	Norris
Bailey	Couzens	Hayden	Nye
Bankhead	Cutting	Hebert	Overton
Barkley	Dale	Johnson	Patterson
Black	Dickinson	Kean	Pittman
Bone	Dieterich	Kendrick	Pope
Borah	Dill	Keyes	Reed
Bratton	Duffy	King	Reynolds
Brown	Erickson	La Follette	Robinson, Ark.
Bulkey	Fess	Logan	Robinson, Ind.
Bulow	Fletcher	Loneragan	Russell
Byrd	Frazier	McAdoo	Sheppard
Byrnes	George	McCarran	Shipstead
Capper	Glass	McGill	Smith
Caraway	Goldsbrough	McKellar	Steiwer
Carey	Gore	McNary	Stevens

Thomas, Okla.	Trammell	Van Nuys	Wheeler
Thomas, Utah	Tydings	Wagner	White
Townsend	Vandenberg	Walcott	

The VICE PRESIDENT. Eighty-seven Senators having answered to their names, there is a quorum present.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator from California yield to me?

Mr. JOHNSON. I yield.

Mr. ROBINSON of Arkansas. I understand the senior Senator from Florida [Mr. FLETCHER] wishes to have another bill taken up at this time; and, for the convenience of some Senators who are interested in both measures, I suggest that we temporarily lay aside the pending bill and take up the securities bill for a time.

Mr. JOHNSON. I shall be very glad to have that done. That bill is a much more important measure, in my opinion, than the pending bill.

#### PROTECTION OF INVESTORS

Mr. FLETCHER. I move that the Senate proceed to the consideration of Senate bill 875.

The PRESIDING OFFICER. The question is on the motion of the Senator from Florida, that the Senate proceed to the consideration of a bill, the title of which will be stated.

The LEGISLATIVE CLERK. A bill (S. 875) to provide for the furnishing of information and the supervision of traffic in investment securities in interstate commerce.

Mr. McNARY. Mr. President, I inquire if the motion is to proceed to the consideration of the Senate bill or the House bill?

Mr. FLETCHER. I have moved that the Senate proceed to the consideration of the Senate bill.

Mr. McNARY. I will say to the Senator from Michigan [Mr. COUZENS] that the Senator from Florida has moved that the Senate proceed to the consideration of the Senate bill. The Senator from Michigan expressed to me and others this morning a desire to have the House bill referred to the committee. Has an agreement been reached with regard to that matter?

Mr. COUZENS. Mr. President, the Senator from Florida and I discussed the matter, and it seemed to be the consensus of opinion that we ought to go on and discuss the Senate bill, so as to ascertain, if possible, what the differences are between the House bill and the Senate bill. So far as I am concerned, I am in agreement with the plan of going ahead with the securities bill.

Mr. FLETCHER. In any case, I may say to the Senator that the bill will have to go to conference, and my view is that we can proceed with the Senate bill and pass it, if we may, and then substitute it for the House bill. That will throw the whole subject into conference. It will have to be thrashed out by the conferees, anyway, and I think that is the best method of procedure. The conferees will then be able to adjust the differences between the House and the Senate. If we should now refer the House bill to the Senate Committee on Banking and Currency, that would lead to considerable delay, and I do not know that we could get any closer together by that method than we can in conference, anyway. So, as a matter of practical procedure and in order to make progress, I think we should take up the Senate bill, which I believe we can pass without taking a great deal of time on it. Then the Senate bill can be substituted for the House bill and the measure then go to conference in all its details. I believe we can proceed without any loss of time in that way.

We would not save any time by referring the House bill to the Senate committee, which has already considered the whole subject, held hearings on it extending over weeks, and reported this bill. I think there are not a great many differences between the two bills. I may say that in principle and in purpose the bills are the same. There is a different use of language in one as compared to the other, but I do not think there is any very serious difference. So I think we had better proceed with the Senate bill and dispose of it, if we may.



The VICE PRESIDENT. The question is on the motion of the Senator from Florida to proceed to the consideration of the bill.

The motion was agreed to; and the Senate proceeded to consider the bill (S. 875) to provide for the furnishing of information and the supervision of stocks and investment securities in interstate commerce, which had been reported from the Committee on Banking and Currency with an amendment in the nature of a substitute.

The VICE PRESIDENT. The clerk will state the amendment reported by the committee.

The legislative clerk proceeded to read the amendment reported by the Committee on Banking and Currency, which was to strike out all after the enacting clause and insert the following:

That this act shall be known as the "Securities Act."

SEC. 2. When used in this act the following terms shall, unless the text otherwise indicates, include the following respective meanings:

(a) "Security" shall include any note, stock, bond, debenture, evidence of indebtedness, certificate of interest or participation in a profit-sharing agreement, or right to subscribe to any of the foregoing, any certificate of interest in any oil, gas, or mining lease, any collateral trust certificate, preorganization certificate, or preorganization subscription, any transferable share, investment contract, voting trust certificate, or beneficial interest in title to property, profits, or earnings, any transferable certificate of voting, exchange, subscription, or conversion rights, or any other instrument commonly known as "a security"; including an interim or temporary bond, debenture, note, certificate, or receipt for a security or for subscription to a security: *Provided*, That the term "security" shall not include notes, drafts, bills of exchange, or bankers' acceptances which are commercial paper and arise out of current commercial, agricultural, or industrial transactions or the proceeds of which have been or are to be used for current commercial, agricultural, or industrial purposes when such paper is not offered or intended to be offered for sale to the public.

(b) "Person" shall include a natural person, a corporation, a partnership, an association, a joint-stock company, a trust, a syndicate, and any unincorporated organization. As used herein the term "trust" shall not include a trust created or appointed under or by virtue of a last will and testament, or by a court of law or equity, or any public charitable trust.

(c) "Sale" or "sell" shall include every disposition, or attempt to dispose, of a security or interest in a security for value. For the purpose of the enforcement of this act only, any security given or delivered with, or as a bonus on account of, any purchase of securities or any other thing, shall be conclusively presumed to constitute a part of the subject of such purchase. "Sale" or "sell" shall also include a contract to sell, an exchange, an attempt to sell or exchange, an option of sale, purchase, or exchange, a solicitation of a sale or an exchange, a subscription or an offer to sell or exchange, directly or by an agent, or by a circular, letter, advertisement, or otherwise.

(d) "Issuer" shall include every person who issues, has issued, or proposes to issue any security. Any person who acts as a promoter for and on behalf of an individual, corporation, trust, or unincorporated association or partnership of any kind formed or to be formed shall also be deemed to be an issuer.

(e) "Commission" shall mean the Federal Trade Commission.

(f) "Mortgage" shall be deemed to include any trust instrument to secure a debt.

(g) "Territory" shall include Alaska, Hawaii, Puerto Rico, the Philippine Islands, the Panama Canal Zone, the Virgin Islands, and the insular possessions of the United States.

(h) "Interstate commerce" shall include trade or commerce in securities among the several States or between the District of Columbia, or any Territory of the United States and any State, or other Territory, or between any insular possessions or other places under the jurisdiction of the United States, or between any such possession or place and any State or Territory of the United States or the District of Columbia, or within the District of Columbia or any Territory or any insular possession or other place under the jurisdiction of the United States, or between any foreign country and any State, Territory, or the District of Columbia, or any printed, written, or other graphic communication, or any spoken communication or intercourse relating to or in furtherance of the commerce described in this definition.

(i) "Registration statement" (hereinafter called "statement") shall mean the statement required upon application for registration by sections 4 and 5 of this act, together with all documents and other information required therein.

(j) "Underwriter" or "underwriting syndicate", when used with respect to any security, shall include any person, group, or syndicate which has purchased or underwritten or contracted to purchase or underwrite such security, directly or indirectly, from the issuer, or has contracted to act as selling agent for the issuer or assigns, for the purpose of offering for sale or selling or promoting the marketing of such security or any part thereof.

(k) "Dummy" shall mean a person who holds legal or nominal title to any property but is under moral or legal obligation to recognize another as the owner thereof; or a person who has nominal power or authority to act in any capacity but is under

moral or legal obligation to act therein in accordance with the direction of another.

SEC. 3. Until securities shall have been registered with the Commission by filing the registration statement hereinafter referred to in accordance with the terms and conditions provided by this act and by the rules and regulations promulgated pursuant thereto, or if such registration has been revoked or suspended as hereinafter provided, it shall be unlawful for—

(a) Any person to make use of the United States mails to sell or offer for sale any such securities in interstate commerce, or to solicit or accept offers to buy such securities in such commerce;

(b) Or for any person to advertise for sale or offer to sell or to solicit or accept an offer to buy any such securities in interstate commerce through the use or medium of any book, magazine, newspaper, or similar publication, or by any circular, advertisement, or printed, written, or other graphic communication or document, or by any spoken communication carried or transmitted through or by such mails or by radio, telegraph, or telephone, or by other means or instruments of transportation or communication, or any of them;

(c) Or for any person to carry or cause to be carried any such securities, in interstate commerce, by any means or instruments of transportation, for the purpose of sale or for delivery after sale, either directly or through the medium of another;

(d) Or for any person to sell or offer for sale or to announce or advertise or deliver in the United States any such securities when the same are securities of a foreign government or a political subdivision thereof.

SEC. 4. All securities heretofore referred to in section 3 of this act shall be registered with the Commission under the terms and conditions hereinafter provided, by filing a registration statement signed by the issuer or issuers, its or their principal executive officer or officers, the principal financial officer or officers, and the directors, trustees, or managers; or, if there is no board of directors, by the persons or board having the power of management of the person, corporation, association, or other entity issuing the said securities: *Provided*, That, when such statement relates to securities issued by a foreign government or political subdivision thereof, or by any person residing in or by any corporation or association organized under the laws of any foreign country, it shall be signed by the person or persons negotiating the loan in the United States or Territory or acting as the fiscal or selling agent for the sale of such security in the United States or Territory or underwriting such security for sale in the United States or Territory, and by the principal executive officers, principal financial officers, and the directors or other managing officials of such person or persons.

Any director of a corporation may, in the discretion of the Commission, and upon request before registration, for good cause shown, be excused from signing and swearing to the said statement: *Provided*, That the said statement shall not be deemed to have met the requirements of this act and shall not be received by the Commission unless it is signed and sworn to by not less than three fourths of the directors. Signatures of all such persons when printed on the said statements shall be presumed to be so printed by authority of the person whose signature is so affixed, and the burden of proof, in the event such authority shall be denied, shall be upon the party denying same. If any signer of any registration statement shall act therein as a "dummy" he shall state after his signature that he signs as a "dummy" and shall state who such signer's principal or principals are. In the case of signature of any registration statement by one who is shown to be a "dummy" for another, such signature shall not be deemed to be valid for the purposes of this act unless and until the principal of the said "dummy" shall also affix his signature to the said statement. The affixing of any signature without the authority of the purported signer shall constitute a violation of this act. Similar statements shall be filed for each subsequent issue of securities, unless otherwise exempted by this act, not covered by the original and succeeding statements.

SEC. 5. (a) The said statement, when relating to a security other than a security issued by a foreign government or political subdivision thereof, shall contain the following information concerning the said securities and the person or other entity issuing them:

(1) The name under which the issuer is doing or intends to do business, the name of the State or other sovereign power under which the issuer is organized and the location of the issuer's principal business office and a statement showing whether authority for the issuance or sale of such security is required by the State or sovereign power in which the issuer is organized and whether authority to issue or sell said security has been granted, refused, or revoked by said State or sovereign power or any other State or sovereign power, together with certified copy of the order or orders granting, refusing, or revoking said authority.

(2) The names and addresses of the promoters, directors, trustees, and officers, if the issuer be a corporation or association or trust; of all partners, if the issuer be a partnership, and the name and address of the issuer.

(3) The purposes of incorporation, if incorporated, and the general character of the business actually transacted or to be transacted by the issuer.

(4) A statement of the capitalization of the issuer, including the authorized and paid-up amounts of its capital stock, the number and classes of shares into which such capital stock is divided, the par value thereof, or if it has no par value, the stated or assigned value thereof; a description of the respective voting rights, preferences, conversion and exchange rights, rights to dividends,



profits, or capital of each class, with respect to each other class, including the retirement and liquidation rights or values thereof; the amount of capital stock of each class issued or to be offered, together with specimen copies of stock certificates of each class; whenever the Commission requires it, the names of all persons owning as much as 1 percent of the stock of said issue with a statement of the number of shares held by each and the beneficial owner thereof when known; the amount of the funded debt, with a description of the date, maturity, and character of such debt, and the security, if any, therefor; a statement, as of a date not more than 90 days prior to the date of filing the registration statement, showing all the assets of the issuer in such detail as the Commission may prescribe (with intangible items segregated), the nature and cost thereof, whenever determinable, and in what form paid, loans to officers and/or directors, and all the liabilities of the issuer in such detail as the Commission may prescribe, including the surplus of the issuer, showing how and from what sources said surplus was created; a statement of the amount of the issuer's earnings and income and the nature and source thereof, and the issuer's expenses and fixed charges, in such detail as the Commission may prescribe, during the preceding 3 fiscal years, or if such issuer has been in actual business for less than 3 fiscal years, then during such lesser period as the issuer has been in actual business; a statement showing in such detail as the Commission may prescribe what the practice of said issuer has been during the said 3-year or lesser period as to the character of the charges made against its various surplus accounts, and as to depreciation, depletion, and maintenance charges, and, if stock dividends or avails from the sale of rights have been credited to income, they shall be shown separately with a statement of the bases upon which the credit is computed; a statement showing the investment in the issuer by the directors thereof; and a statement containing such further pertinent information as the Commission may require.

(5) A detailed statement of the plan upon which the issuer proposes to dispose of the securities offered for registration; the price at which they are offered to the public and the net amount returnable to capital investment; the names of the syndicate, if any, underwriting the securities offered for registration; a copy of the security offered or to be offered and, if said security is a bond, note, debenture, or other evidence of indebtedness, a copy of the mortgage, indenture, deed of trust, or other instrument securing or accompanying said security; and a copy of any circular, prospectus, advertisement, or other description of such securities then prepared by or for such issuer or underwriter or by or for the applicant for registration (if the applicant shall not be the issuer) to be used for distribution or publication to the public.

(6) The purpose for which the securities to be offered have been issued or are to be issued, a detailed statement showing the items of cost of property, service, patents, good will, and any other consideration for which such securities have been or are to be issued, and the amount of all commissions, discounts, rebates, bonuses, and other considerations paid or issued or to be paid or issued by or to the issuer and by or to all other persons for or in respect of the issue, sale, or offer of the said securities.

(7) The amount of capital stock which is to be set aside and disposed of for services to promoters, if any, and a statement of all stock issued from time to time for services to promoters.

(8) In case of a bond or other instrument of indebtedness, a description of the property by which such bond or other instrument of indebtedness is secured.

(9) If the issuer is a corporation, there shall be filed with the statement a certified copy of its articles of incorporation with all amendments and of its existing bylaws. If the issuer is a trustee, there shall be filed with the statement a copy of all instruments by which the trust is created or declared and in which it is accepted and acknowledged. If the issuer is a partnership or an unincorporated association, or joint-stock company, or any other form of organization whatsoever, there shall be filed with the statement a copy of its articles of partnership or association and all other papers pertaining to its organization.

(10) Such additional pertinent information as the Commission may require.

(b) Each statement relating to securities issued by a foreign government or political subdivision thereof shall contain:

- (1) Name of borrowing government or subdivision thereof;
- (2) Purpose or object of the loan;
- (3) Date and terms of the proposed loan;
- (4) Date and terms of the underwriting or selling agreement, the names of the members of the underwriting or selling syndicate, all bonuses, discounts, rebates, and commissions paid or to be paid by the borrower and all payments or charges paid or to be paid for the privilege of underwriting or selling the loan or for any other purpose in connection therewith, and the terms of any collateral agreement, arrangement, or understanding, if any, between the underwriters or selling agent or any other person, and the borrower or any officer or agent of the borrower, relating to the said loan;

- (5) Security pledged or to be pledged for the loan;
- (6) General financial condition of the borrower;
- (7) Whether or not the borrower has defaulted within the preceding 25 years on the principal or interest of any other security sold in the United States or other foreign country and, if so, the date, amount, and circumstances;
- (8) Proposed method of distributing the securities to be issued under the loan;

(9) Proposed price at which the securities are to be offered to the public in the United States and elsewhere;

(10) Cost thereof to the person, corporation, or association or other entity underwriting, selling, or negotiating the loan and the net amount to be returned to the borrower from the sale of such securities;

(11) Such additional pertinent information as the Commission may require.

(c) All of the statements, exhibits, and documents of every kind required by the Commission under this section, except properly certified public documents, shall be verified by oath in such manner and form as may be required by the Commission.

(d) The filing of the statement specified in subsections (a) and (b) of this section and the payment of the fee hereinafter provided shall constitute formal registration of the security concerned.

(e) At the time of filing the said statement, as hereinbefore prescribed in subsections (a) and (b) of this section, the applicant shall pay to the Commission a fee of one hundredth of 1 percent of the aggregate par value of the securities to be sold and for which the applicant is seeking registration, but in no case shall such fee be less than \$25. In case of stock having no par value the price at which such stock is to be offered to the public shall be deemed to be the par value of such stock.

Sec. 6. The Commission may revoke or suspend the registration of any security by entering an order to that effect, if the Commission shall find that any such issuer or any other person who has signed or who is by this act required to sign the registration statement—

(a) Has violated any of the provisions of this act, or any authorized order of the Commission of which such person or issuer has notice, but the burden of proof shall be on the person or persons asserting lack of notice; or

(b) Has been or is engaged or is about to engage in fraudulent transactions, or has filed with the Commission any application, registration, or other statement, or report which is untrue in any material respect or fails to disclose any material information required by section 5 hereof; or

(c) Has made any fraudulent, false, or deceptive representations in any prospectus or in any circular or other literature or communication that has been distributed, or by any other means, concerning such issuer or person or securities registered. Such revocation or suspension shall not apply to any part of an issue of securities that prior to the date of such revocation or suspension shall have been issued, sold, and delivered to a bona fide purchaser or purchasers for value, without notice, such purchaser or purchasers not being the issuers or underwriters or their agents, representatives, or assigns.

The Commission is hereby directed and empowered to make such examinations and investigations as in its discretion it may deem necessary to the administration or enforcement of this act. In making such examinations or investigations the Commission or any officer or officers designated by it shall at all reasonable times have access to and may compel the production of all the books and papers of issuers, representatives, or underwriters, or any other person or persons being investigated or proceeded against, or having relevant or pertinent knowledge or information touching the matter in question, and may administer oaths to and examine the officers of such issuers, representatives, underwriters, or other persons connected therewith as to its or their business and affairs and, in addition, the Commission may, in its discretion, require the production of a balance sheet exhibiting the assets and liabilities of any issuer, representative, or underwriter, or its or their income statement, or both.

Whenever the Commission may deem it necessary, it may also require such balance sheet or income statement, or both, to be made more specific in such particulars as the Commission shall point out or to be brought down to the latest practicable date.

If any issuer, representative, underwriter, or other entity shall refuse to permit an examination to be made by the Commission, such refusal shall be proper ground for revocation or suspension of registration.

If the Commission shall deem it necessary, it may enter an order requiring an immediate showing of the right to sell securities, and upon failure of the person in whom such right has been reposed to make a satisfactory showing, and an order, entered to that effect, such right shall be suspended. Notice of the entry of such orders may be served by mail, or personally, or by telephone confirmed in writing, or by telegraph.

The issuer or other applicant for registration shall on application to the Commission within 30 days from the entry of an order of revocation or suspension be entitled to a public hearing, before the Commission or an examiner of the Commission thereunto duly authorized by it, and appropriate records shall be kept of all such hearings and proceedings. If the issuer or other person fails to make such application for a hearing within 30 days after the entry of the Commission's order, such order shall become final.

Sec. 7. Any person aggrieved by an order of the Commission revoking or suspending the registration of any security may obtain a review of such order in the circuit court of appeals of the United States, within any circuit wherein such person resides or carries on business, or in the Court of Appeals of the District of Columbia, by filing in the court, within 30 days after such order shall become final, a written petition praying that the order of the Commission be set aside. A copy of such petition shall be forthwith served upon the Commission, and thereupon the Commission shall certify and file in the court a transcript of the record



upon which the order complained of was entered. Any findings which the Commission may make as to the facts, if supported by evidence, shall be conclusive. Upon said transcript the court shall have the power to make and enter a decree affirming, modifying, or setting aside the order of the Commission. If either party shall apply to the court for leave to adduce additional evidence, and shall show to the satisfaction of the court that such additional evidence is material and that there were reasonable grounds for failure to adduce such evidence in the hearing before the Commission, the court may order such additional evidence to be taken before the Commission and to be adduced upon the hearing in such manner and upon such terms and conditions as to the court may seem proper. The Commission may modify its findings as to the fact, by reason of the additional evidence so taken, and it shall file such modified or new findings, which, if supported by the evidence, shall be conclusive, and its recommendation, if any, for the modification or setting aside of the original order, with the return of such additional evidence. The judgment and decree of the court shall be final, except that the same shall be subject to review by the Supreme Court upon certiorari or certification as provided in sections 240 and 343 of the Judicial Code, as amended.

Sec. 8. It shall be unlawful to carry, transmit, or cause to be carried or transmitted, in interstate commerce, by use of the United States mails or by any means or instruments of transportation or communication, any written, printed, or other graphic communication or document, or any radio communication, announcing, offering, or advertising for sale any securities subject to the provisions of this act, unless such communication or document contains the following information concerning the security so offered:

(a) The name of the issuer and names of the underwriting syndicate, if any, amount of capitalization authorized and paid up, location of principal place of business, and, if incorporated, place of incorporation.

(b) A brief description of the security offered, including the amount of the issue, a description of its rights with reference to dividends or fixed returns and voting power and relative position with reference to other outstanding securities having prior rights which must be specified as well as the amount of capital stock and other securities, commissions, discounts, rebates, and bonuses.

(c) The price at which it is offered to the public and the net amount to be returned to capital investment, as well as the maximum amount of commission or other form of remuneration to be paid in cash or otherwise, directly or indirectly, for or in connection with the sale or offering for sale of such securities.

(d) The owner of the property constituting the basis of the issue.

(e) A statement showing—

(1) The issuer's assets and liabilities.

(2) Profits and losses during year immediately preceding the offering.

(f) A statement to the effect that additional information may be secured from the Federal Trade Commission at Washington, D.C.: *Provided*, That in any case where, by reason of limited size of such written, printed, or other graphic or radio communications, it is impracticable to set forth all the foregoing information, there shall be set forth such parts thereof or such other information as the Commission may by rules or regulations prescribe in the interest of the protection of the public and for the prevention of false or deceptive representations in the offer for sale or sale of such securities in interstate commerce or by use of the mails: *Provided further*, That any written, printed, or other graphic communication or document, or any radio communication, announcing, offering, or advertising for sale any securities offered by a foreign government or political subdivision thereof shall contain such information of the character referred to in the registration statement, or such additional information, as the Commission may prescribe by rules or regulations in the interest of the protection of the public and for the prevention of false or deceptive representations in the offer for sale or sale of such securities in interstate commerce or by use of the mails.

The information referred to in this section, when written, printed, or otherwise graphically expressed, shall be placed in a conspicuous part of all communications, documents, or other literature describing or mentioning the securities advertised or offered for sale. Copies of all such written or printed or other graphic communications or documents, as well as transcripts of all radio advertising, referring to the sale of securities subject to the provisions of this section shall, before distribution of such communications to prospective purchasers is begun, be filed with the Commission together with a reference to the original registration of the securities so offered.

A statement containing the information required by this section shall also be delivered to each purchaser with the delivery of the security or securities to which it relates, whenever the security is sold by the issuer, or by his or its agents or representatives.

The information required under the provisions of this act contained in all registration or other statements, copies, prospectuses, advertisements, circular letters, and communications, and other documents shall be made available to the public under such regulations as the Commission may prescribe.

Sec. 9. Every person acquiring any securities specified in such statement and offered to the public shall be presumed to rely upon the representations set forth in the said statement. In case any such registration statement shall be false or deceptive in any material respect, any persons acquiring any securities to which such

statement relates, either from the original issuer or from any other person, shall have the right to rescind the transaction and to obtain the return, either at law or in equity, of any and all consideration given or paid for any such securities upon the surrender thereof, either from any vendor knowing of such falsity or from the persons signing such statement, jointly or severally. Every person acquiring any security by reason of any false or deceptive representation made in the course of or in connection with a sale or an offer for sale or distribution of such securities shall have the right to recover any and all damages suffered by reason of such acquisition of such securities from the person or persons signing, issuing, using, or causing, directly or indirectly, such false or deceptive representation, jointly or severally: *Provided*, That any suit, action, or proceeding under this section against a corporation or other person may be brought not only in the judicial district whereof such corporation or person is an inhabitant, but also in any district wherein such corporation or person may be found or transacts business, and without respect to the amount in controversy; but no such suit, action, or proceeding shall be brought after the expiration of 5 years after the date of the sale by the issuer or underwriter, except that in the case of a false or deceptive representation made in the course of or in connection with a sale or offer for sale or distribution of such securities, such suit, action, or proceeding shall not be brought after the expiration of 5 years after the date such false or deceptive representation was made. All process in such suits, actions, or proceedings may be served in the district whereof such corporation or person is an inhabitant or wherever such corporation or person may be found. Any condition, stipulation, or provision binding any person acquiring any of the securities offered to the public to waive compliance with any of the provisions of this act, or of the rules and regulations, or of any requirement of the Commission herein provided for, or purporting to affect such person with notice of any contract, document, or matter not specifically referred to in the statement filed with respect to such securities as herein provided, shall be void. The rights and remedies herein provided for shall be in addition to any and all other rights and remedies that may exist at law or in equity.

Sec. 10. It shall be unlawful for any person to represent or cause to be represented to any prospective purchaser, either orally or in any written or printed communication, circular, advertisement, or other literature, that either registration of securities with the Commission or omission by the Commission to revoke or suspend said registration constitutes or is evidence of the Commission's approval or recommendation of such securities.

Sec. 11. Except as hereinafter otherwise expressly provided, the provisions of this act shall not apply to any of the following classes of securities:

(a) Any security issued or guaranteed by the United States or any Territory or insular possession thereof, or by the District of Columbia, or by any State of the United States or political subdivision or agency or instrumentality of any State or States.

(b) Any security issued by and representing an interest in or a direct obligation of any common carrier or other public utility subject to regulation or supervision as to the issue of its securities or its accounts by a commission, board, or officers of the Government of the United States; or any such security issued by any national bank; or by any corporation created and controlled by and acting as an instrumentality of the Government of the United States pursuant to authority granted by the Congress of the United States: *Provided*, That nothing in this act shall relieve any of the organizations mentioned in this subsection from submitting to the respective supervisory units of the Government of the United States, in such manner and form as may be required by the respective units, all information, reports, or other documents that are required under the provisions of section 5 of this act, and such additional information, reports, and documents as are now or may hereafter be required by other acts of Congress or by rules and regulations pursuant thereto of the respective units: *And provided further*, That all such organizations mentioned in this subsection shall nevertheless be required to comply with the provisions of section 8 of this act.

(c) Any security issued by a corporation organized exclusively for religious, educational, benevolent, fraternal, charitable, or reformatory purposes and not for pecuniary profit, and no part of the net earnings of which inures to the benefit of any person, private stockholder, or individual.

(d) Bonds or notes secured by mortgage upon real estate, improved or about to be improved by a residential structure, when the total encumbrances against any single property so mortgaged, including the mortgage securing the bonds and notes exempted by this paragraph, do not exceed \$50,000.

(e) Any security issued by a building and loan association, cooperative bank, homestead association, or savings and loan association, or any annuity contract or optional annuity contract issued by a corporation and payable in instalments: *Provided*, That the foregoing exemption shall not apply with respect to any security or annuity or optional annuity contract issued by any such association, cooperative bank, or corporation which charges in connection with any transaction entrance, admission, or withdrawal fees (including charges for paid-in surplus) exceeding in the aggregate 2 percent of the par value of its securities involved in such transaction, or which sells its securities at a price in excess of their par value, or which issues surplus certificates or like instruments of any kind.

(f) Any securities issued, sold, and delivered to any bona fide purchaser or purchasers, not being the underwriter, selling agent, representative, or assign of the issuer, prior to the date of the



approval of this act: *Provided*, That this exemption shall not apply in the case of a sale or offer for sale, by an owner or dealer, through any prospectus, circular, pamphlet, or other advertising medium, of such securities having an aggregate par value (or, if they have no par value, an aggregate stated or assigned value) of more than \$100,000, and whether such sale or offer for sale is made as one transaction or a series of transactions, except that in any such case the registration statement required under this act shall consist of a statement signed by the owner (or, in the case of a sale or offer for sale by a dealer, by the owner and the dealer) containing a copy of such prospectus, circular, pamphlet, or other advertisement, together with the name of the legal and beneficial owners of such securities, and such information affecting or relating to the value of such securities as the Commission may require in the interest of the protection of the public.

(g) Any security issued by or representing an interest in or a direct obligation of any Federal Reserve bank.

SEC. 12. Except as hereinafter otherwise expressly provided, the provisions of this act shall not apply to any of the following transactions:

(a) Judicial, executor's, administrator's, guardian's, or conservator's sale, or any sale by a receiver or trustee in insolvency or bankruptcy.

(b) Sales by or for the account of a pledge holder or mortgagee selling or offering for sale or delivery in the ordinary course of business and not for the purpose of avoiding the provisions of this act, to liquidate a bona fide debt, a security pledged in good faith as collateral for such debt.

(c) Isolated transactions in which any security issued subsequent to the date of approval of this act is sold, or offered for sale, subscription, or delivery by the owner thereof, or by his representative solely for the owner's account, such sale or offer for sale, subscription, or delivery not being made in the course of repeated and successive transactions of a like character by such owner for the purpose of engaging in the purchase and sale of securities as a business, such owner or representative not being the issuer or underwriter of, or selling agent for, such security.

(d) Any preliminary negotiations between the issuers, underwriters, or other persons necessary to preparing an issue of securities for registration under this act or for sale to the public after registration.

SEC. 13. It shall be unlawful for any person, firm, corporation, or other entity, directly or indirectly, in any interstate sale, promotion, negotiation, advertisement, or distribution of any securities willfully to employ any device, scheme, or artifice or to employ any "dummy", or to act as any such "dummy", with the intent to defraud or to obtain money or property by means of any false pretense, representation, or promise, or to engage in any transaction, practice, or course of business relating to the interstate purchase or sale of any securities which operates or would operate as a fraud upon the purchaser. The director or other person for whom any "dummy" shall act shall be held responsible under this act for any unlawful conduct by such "dummy": *Provided*, That the said "dummy" shall not be deemed discharged from any liability for any unlawful conduct under this act. It shall be unlawful for any person who is a "dummy" for another to sign a registration statement without disclosing his principal or principals.

Whenever it shall appear to the Commission, either upon complaint or otherwise, that the provisions of this section have been or are about to be violated, it may, in its discretion, either require or permit such person, firm, corporation, association, or other entity to file with it a statement in writing, under oath, or otherwise, as to all the facts and circumstances concerning the subject matter which it believes to be in the public interest to investigate, and may investigate such facts. Whenever it shall appear to the Commission that the practices investigated constitute a fraud or an attempt to defraud under the provisions of this section, or that any person is engaged or is about to engage in interstate commerce in securities without complying with the provisions of this act and the rules and regulations promulgated by the Commission pursuant thereto, or in violation of any such provisions, rules, or regulations, the Commission may, in its discretion, bring an action in the proper district court of the United States to enjoin such practices, transactions, or violations, which injunction upon a proper showing shall be granted without bond, and the Commission shall transmit such evidence as may be available concerning the transaction or facts complained of to the Attorney General, who may, in his discretion, institute the necessary criminal proceeding under section 16 of this act. The exemptions contained in sections 11 and 12 of this act shall not apply to the provisions of this section.

SEC. 14. (a) The Commission shall have authority, from time to time, to make, amend, and rescind rules and regulations for the purpose of executing this act. It shall have authority to prescribe forms upon which all statements to be filed as hereinbefore provided shall be made, and to require such further or supplemental data or information as it may deem proper in the public interest to be included in or from time to time filed in conjunction with the said statements. Such rules and regulations shall be effective upon publication in the manner which the Commission shall prescribe.

(b) For the purpose of all investigations or inquiries which, in the opinion of the Commission, are necessary and proper for the enforcement of this act, the Commission and any officer or officers designated by it are empowered to hold hearings, receive evidence, and subpoena witnesses, examine them under oath and require the

production of any books, papers, or other documents which the Commission deems relevant or material to the investigation or inquiry. Such attendance of witnesses, and the production of such documentary evidence, may be required from any place in the United States or any Territory at any designated place of hearing.

SEC. 15. The district courts of the United States, the district courts of Alaska, Hawaii, Puerto Rico, Canal Zone, and the Virgin Islands, and the Supreme Court of the District of Columbia, shall have jurisdiction of offenses and violations under this act and under the rules and regulations promulgated by the Commission in respect thereto; and of all suits in equity and actions at law brought under this act. Judgments and decrees so rendered shall be subject to review as provided in sections 128 and 240 of the Judicial Code, as amended (U.S.C., title 28, secs. 225 and 345).

In case of contumacy or refusal to obey a subpoena issued to any corporation or other person, any of the courts heretofore named in this section within the jurisdiction of which the corporation or other person guilty of contumacy or refusal to obey resides or carries on business may issue an order requiring such corporation or other person to appear before the Commission, or one of its examiners designated by it, there to produce documentary evidence if so ordered, or there to give evidence touching the matter in question; and any failure to obey any such order of the court may be punished by said court as a contempt thereof.

Upon application of the Attorney General of the United States, at the request of the Commission, the said courts shall have jurisdiction to issue writs of mandamus commanding any person or corporation to comply with the provisions of this act or any order of the Commission made in pursuance thereof.

SEC. 16. Any person who shall willfully violate any of the provisions of this act, or the rules and regulations promulgated by the Commission pursuant thereto, shall, upon conviction, be fined not more than \$5,000 or imprisoned not more than 5 years, or both; and any officer, director, or agent or any corporation who knowingly participates in such violation shall be punished by a like fine or imprisonment, or both.

SEC. 17. The necessary appropriations for the purpose of carrying out the provisions of this act are hereby authorized. All moneys derived from the fees imposed by the provisions of this act shall be paid into the Treasury to the credit of miscellaneous receipts.

SEC. 18. If any provisions of this act, or the application of such provision to any person or circumstance, shall be held invalid, the remainder of this act, or the application of such provisions to persons or circumstances other than those as to which it is held invalid, shall not be affected thereby.

SEC. 19. This act shall take effect 90 days after its approval.

During the reading of the amendment,

Mr. COUZENS. Mr. President, the clerk is reading the entire amendment, which is a substitute for the original bill. It seems to me that we cannot legislate simply by reading the bill. I suggest that the chairman of the committee explain to the Senate just what the bill contemplates and what each paragraph means. We will have no chance to amend it, as it is all one amendment, if we agree to the amendment. The matter will then be closed.

The VICE PRESIDENT. The amendment is open to amendment.

Mr. FLETCHER. The amendment itself is open to amendment.

Mr. COUZENS. Yes; but if there is no explanation, we cannot understand the bill by hearing it read through as the clerk is reading it.

Mr. FLETCHER. As I understand the rule, we have to read the bill unless consent is granted to dispense with the reading. I am willing to ask unanimous consent that the formal reading of the bill may be dispensed with.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the formal reading of the bill is dispensed with. The question is on agreeing to the amendment reported by the committee.

Mr. FLETCHER. In a general way, Mr. President, I need not say, for Senators are familiar with the conditions, that for some years past there have been offered to the public various securities, foreign and domestic, by various concerns, corporations, organizations, and what not. Such securities have been disposed of to the public in a loose and haphazard sort of way. Bankers, brokers, syndicates, and financial institutions have been handling them, and super-powered agents have been selling them. People have been persuaded to invest their money in securities without any information respecting them, except the advertisements put forth by the agents or representatives of those issuing the securities, and such advertisements have not given full information to the public. The result was that we had a



saturnalia of speculation throughout the country, almost as far back as 1920, and certainly during 1927, 1928, 1929, and 1930. People were persuaded to put their money into these investments sometimes because they were attracted by the high rates of interest and often because they were told that the price of the securities would go up and they would make money easily and rapidly by investing in them.

Some persons, under some circumstances, have been persuaded to dispose of perfectly good securities and invest in worthless securities which were offered to them by agents all over the country. There are instances which were brought out by the testimony before the committee where widows who owned Liberty bonds, having invested the accumulations of a lifetime in such bonds, were persuaded by some of these agents to sell their bonds and invest their all in valueless securities by all sorts of misrepresentations, such as that they were bound to increase in value, that returns would be considerable, and all that sort of thing. There are instances where persons who had savings deposits were inveigled into withdrawing those deposits and investing in worthless securities. It is estimated that something like \$90,000,000,000 in the hands of people have during recent years been invested in such securities, most of which have become practically worthless.

The idea is that, in the first place, these securities move in interstate commerce. It is therefore, on the commerce clause of the Constitution that we base our jurisdiction with respect to this proposed legislation. The securities also move in the mails, and it is under the postal laws of the country that Congress has further jurisdiction to legislate in this connection. Acting under those two provisions of the Constitution, we have undertaken to impose certain restrictions and to provide certain regulations in reference to securities that are being offered to the public throughout the country from time to time.

We have no Federal legislation covering this situation, and so, in order to protect the public and in order to protect investors, this bill has been devised. We gave lengthy hearings on it, hearings extending over weeks, and finally reached the conclusion to amend, in many respects, the original bill that had been introduced; in fact, in so many respects that we reported a new bill as a substitute for the original bill.

The purpose of the bill is to protect the investing public and honest business. The basic policy is that of informing the investor of the facts concerning securities to be offered for sale in interstate and foreign commerce and providing protection against fraud and misrepresentation. That is the general purpose of the bill. The aim is to prevent further exploitation of the public by the sale of unsound, fraudulent, and worthless securities through misrepresentation; to place adequate and true information before the investors; to protect honest enterprise, seeking capital by honest presentation, against the competition afforded by questionable securities offered to the public through crooked promotion; to restore the confidence of the prospective investor in sound securities; to bring into productive channels of industry and development capital which has grown timid to the point of hoarding; and to aid in providing employment and in restoring buying and consuming power. Those are the general purposes of the bill, and we have endeavored to write a piece of proposed legislation which will bring about that result.

There is need for such legislation. The President in his special message called attention to such need and pointed out the demand for this kind of legislation. The President said:

I recommend to the Congress legislation for Federal supervision of traffic in investment securities in interstate commerce.

In spite of many State statutes the public in the past has sustained severe losses through practices neither ethical nor honest on the part of many persons and corporations selling securities.

Of course, the Federal Government cannot and should not take any action which might be construed as approving or guaranteeing that newly issued securities are sound in the sense that their value will be maintained or that the properties which they represent will earn profit.

We have endeavored to accomplish all those purposes. It is expressly provided in the bill that the Government shall

not be responsible as to guaranteeing the value of the securities offered. We provide, in the first place, for registration. Any concern, corporation or what not, desiring to issue securities must register with the Federal Trade Commission and furnish facts with reference to the securities offered. An inquiry is made by the Federal Trade Commission, and then, after the registration takes place, they are authorized to issue the securities, without the Government guaranteeing their value at all, but with the requirement that information shall be furnished to the public generally as to the character of what is offered and what is back of it.

That is the prime purpose of the first portion of the bill. There are other provisions with reference to punishment for fraud and with reference to the civil liability of those who issue securities. One of the chief differences, I think, between the House bill and the Senate bill is that the House bill rather limits this liability and makes a corporation and its directors, or what not, applying for the registration of securities, seeking the authorization of the Commission, liable civilly for any damage or loss that may arise by reason of misrepresentation or lack or omission as to representation with respect to the securities and the facts. The House bill, as I recall, limits the liability to those who have not acted in good faith; in other words, it provides that people signing the application for registration and obtaining the registration document shall not be liable if they act in good faith upon reasonable judgment and information.

Mr. WHEELER. Mr. President—

Mr. FLETCHER. I yield to the Senator from Montana.

Mr. WHEELER. Will the Senator tell me, if he can, how this measure will change or modify in any way the present laws upon the statute books with reference to using the mails to defraud?

Mr. FLETCHER. It seeks to apply those laws to the conditions which may arise hereafter.

Mr. WHEELER. I was going to say to the Senator that we have, of course, upon the statute books at the present time a provision preventing the use of the mails to defraud. Practically every single one of the fraudulent transactions involving the sale of worthless stocks or worthless bonds could have been prosecuted heretofore under the law which is on the statute books today. In other words, those issuing securities do not have to make misrepresentation in writing in order to come under the provisions of the present law. If salesmen go out at the present time and make misrepresentations to someone and then send the securities through the mail or send anything else through the mail, they can be prosecuted for using the mails or for conspiracy to use the mails to defraud.

One of the difficulties, it seems to me, is that we have not enforced the laws that are already upon the statute books relating to these matters. The Department of Justice has been absolutely derelict in its duty in connection with these fraudulent transactions and fraudulent security sales. It seems to me there ought to be, by the present Department of Justice, some vigorous prosecutions on a large scale for using the mails to defraud in many of these cases, not only by the promoters of the organizations, but likewise of some of the bankers who knew the condition of the bonds when they sold them. In my humble judgment, if a few outstanding cases were prosecuted by the Department of Justice, by the present Attorney General, it would do more to stop that sort of practice than all the legislation we could enact upon the subject. The trouble is we do not get any prosecution in these matters.

Mr. FLETCHER. Mr. President, I think there is a great deal in what the Senator from Montana has said. Under the provisions of the bill we do not in anywise restrict or limit or weaken the laws already on the statute books. We are trying to cover instances where there seem to be loopholes and means of escape, and to apply the measure particularly to the matter of dealing in securities. Of course, a great deal of fraud has been committed, not entirely through the use of the mails, but by the agents going out over the country and making oral representations with respect to securities. A practice has been to put these agents through



a sort of school and teach them how to sell securities, what to say, how to approach and what to say to prospective purchasers. This was done by underwriters' syndicate managers in order to reach the public.

Mr. WHEELER. I have had occasion to prosecute cases of that identical character where special agents went out and made false representations and then the bonds were sent through the mails. That furnishes a basis upon which United States district attorneys in the various States can prosecute at the present time. So far as I know they have not taken any of the outstanding cases, but have used the law that is upon the statute books to prosecute some little insignificant promoter of some mining stock. In one instance they picked out Dr. Cook, who sold some oil stock or something of that kind. However, the United States district attorneys have not picked out any of the men who have been carrying on these matters on a gigantic scale. If they would make an example of two or three of those outstanding cases they would do more to stop that sort of business than anything else I know of.

Mr. FLETCHER. Mr. President, I have no doubt there is much in what the Senator said. It would have a very wholesome effect if there were prosecutions such as he indicates. The bill rather strengthens and broadens the authority to proceed in such instances. I think it would be helpful in that connection.

I do not wish to take the time of the Senate in relating the circumstances and conditions which have been obtaining, how the people have been defrauded, and why we ought to legislate so as to protect the public and the investors. That is the purpose of the bill. We could give instances without number of frauds that have been perpetrated. We could give instances of foreign securities that have been sold in this country which ought never to have been permitted to be sold here at all. We have tried to reach that situation, not through operations on foreign governments but through operations upon the agents representing such securities. I think we have fairly well taken care of that situation.

I hope we may proceed with the bill.

#### MUSCLE SHOALS

Mr. NORRIS. Mr. President, I want to take the time of the Senate for a few moments to discuss a matter not directly connected with the measure now before the Senate.

In the course of the debate on the so-called "Muscle Shoals bill" and particularly with relation to one of the amendments offered by the Senator from Alabama [Mr. BANKHEAD], and more recently in the newspapers, a great deal was said about the widow and the orphan who own stock in corporations which own transmission lines and how we are going to ruin them by the passage of the Senate bill. Right now while the bill is in conference between the House and the Senate, a Power Trust propaganda is being carried on, not only by men who are here visiting Washington and buttonholing Senators and Representatives but by Power Trust newspapers. I want to read an editorial from the Birmingham News, and then I am going to answer the editorial and show how false it is. The heading of the editorial is—

The adjustment of differences between the Hill and Norris bills.

The editorial itself reads as follows:

Now that the Tennessee Valley legislation will go to conference committee to iron out the differences between the Hill bill passed by the House and the Norris bill passed by the Senate, definite action on Muscle Shoals seems certain after many years of delay. The differences between the two measures are of large importance to Alabama for many reasons, not the least of which lies in the interests of the thousands of holders of preferred stocks of the Alabama Power Co., and the thousands more who are policyholders in insurance companies or depositors in savings banks having heavy investments in the company's bonds.

Just remember that is point no. 1 that is made by the editorial—

The Alabama delegation in the House, led by Representative HILL, made a gallant fight for the bill as finally passed by that body. Senator BANKHEAD made an equally gallant but less successful fight in the Senate to obtain the concurrence of that body

to those provisions of the House bill which required that efforts to make satisfactory contracts for the sale of power be exhausted before Government construction of transmission lines shall be undertaken.

The position assumed by the Alabama representatives in the House and Senate is essentially sound and fair, in the interest of the people as a whole and particularly of the people of the Muscle Shoals district.

Section 13 of the Hill bill declares, in language taken verbatim from the New York power authority act, the Roosevelt policy in that State: "That the project herein provided for shall be considered primarily as for the benefit of the people of the section as a whole and particularly the domestic and rural consumers to whom the power can economically be made available, and accordingly that sale to and use by industry shall be a secondary purpose, to be utilized principally to secure a sufficiently high load factor and revenue returns which will permit domestic and rural use of electricity."

That is something that the Senate bill does not for a single moment seek to destroy or take away, but it carries it out, I think, in the most effective manner that has been proposed. Yet the implication is that the Senate bill would take away from home owners the right to use electricity that would come from the Government-owned dam.

The editorial continues:

The adoption of this principle would mean that industry would carry a large part of the burden and that the balance of available power would be turned over to domestic and rural consumers at much lower rates than if no power were to be used locally at Muscle Shoals.

There are thousands of patriotic citizens of Alabama who will hope earnestly that in the conference committee report the principles so ably advocated by Representative HILL and Senator BANKHEAD, principles directly in line with President Roosevelt's campaign speeches, his actions as Governor of New York, and the statements made by him in his book recently published, will be permitted to govern.

While the matter was before the Senate I said on the floor that I would be willing to resign at once from the Senate if the Senator from Alabama [Mr. BANKHEAD] would bring here a statement from President Roosevelt that he favored the Bankhead amendment. That offer is good yet. I want to assert that it cannot be done. I want to assert that these intimations that President Roosevelt wants the House bill passed are untrue.

When we were discussing transmission lines I said that the Senate bill authorizes the corporation to lease transmission lines, to buy transmission lines of the private companies, to purchase transmission lines, and to build transmission lines. It provides that the corporation may lease to private companies the transmission lines which they build, if they can do so. But the advocates of the House bill did not have enough friends in the Senate when the transmission amendment was about to be voted on even to get a roll call. The matter was practically unanimous.

The House bill provides that before the Government corporation can build a foot of transmission line it must first negotiate with private companies to build transmission lines. I called attention to what that would mean. I called attention to the fact that it would mean there would be no transmission lines built by the Government except at the end of lawsuits which would be carried to the Supreme Court of the United States. Under the terms of the House bill, Uncle Sam must first go to the Power Trust and negotiate. Uncle Sam, with his hands tied by law if the Congress should enact the House bill, must go on bended knees to the Power Trust and say, "For God's sake let me build transmission lines. Let me connect the Government's generating plant at Muscle Shoals with the other Government generating plant at Cove Creek."

Uncle Sam would plead on his knees to the Power Trust with his manacled hands upraised, and say, "I have to talk with you first before I can build this line." Uncle Sam would say, "I own a generating system at Muscle Shoals. I own a generating system at Cove Creek Dam. Let me connect them with a transmission line; will you, Mr. Power Trust?" The Power Trust would say, "Why, Uncle Sam, I will negotiate with you. I will have to take it up with my subsidiaries. I will take it up with the Alabama Power Co. I will take it up with the Tennessee Power Co. I will take it up with the Georgia Power Co. I will take it up in Wall Street with the



Electric Bond & Share Co. I will take it up with Mr. Insull and his companies; and when I get through negotiating with you, maybe we can reach an agreement."

If Uncle Sam says, "No; I cannot wait. I need this power down there at Cove Creek to build the dam. It is going to waste at Muscle Shoals. I want a transmission line at once, in order that I may do that," and he starts to build it, the Power Trust will commence an injunction suit in the Federal court. The Power Trust have not a good case; I concede that; but they can make a mighty good one on paper. This corporation will allege on paper that Uncle Sam has not negotiated as the law requires. They will say, further, "He is taking away our property by building a line that lessens the value of our line, and under the fifth amendment to the Constitution that is taking away property without just compensation and without due process of law." They will get an injunction on those grounds, and they will go to the Supreme Court. Perhaps they will get beaten all the way, but in the end Cove Creek dam will have been built; 2 or 3 years will have passed, and this governmental corporation will have been compelled to buy electric power of the Power Trust to build Cove Creek Dam when it has more than it needs going to waste, getting nothing for it, at Muscle Shoals.

That is what will happen. That is what I said would happen. I am not an engineer, however, and I am going to read you some expert evidence on this subject. It did not come from me. It came from an engineer whose services were utilized by the House Military Affairs Committee in framing this bill. He was advised with by the chairman of the House committee. He wrote a letter to the chairman of the House committee. He sent me a copy of the letter, so I received the letter from the man who wrote it.

The letterhead reads as follows:

J. EDWARD CASSIDY, M.Am.Soc. C.E.,  
CONSULTING ENGINEER,  
1300 Vermont Avenue, NW., Washington, D.C., May 7, 1933.

That was yesterday.

Hon. J. J. McSWAIN,  
Chairman House Military Affairs Committee,  
Washington, D.C.

MY DEAR MR. McSWAIN: In the coming conference between the House and Senate on the subject of Muscle Shoals there is a most vital factor which must receive careful consideration, and that is the matter of transmission lines.

This is an engineer talking.

I have previously pointed out that a connecting transmission line between Muscle Shoals and Cove Creek is not only essential but it is vital—this line in reality being a long bus-bar between the two dams. This transmission line is as much a part of the two generating units as the concrete which is in the dams.

That is what this engineer says. That is what the Power Trust does not want. That is what we cannot get if we pass the House bill.

Reading further:

There is not another power project in the world where the peculiar relationship that exists between Cove Creek and Muscle Shoals is found, and it is the interdependence which places a special necessity on this line.

It does not take an engineer to see that necessity. No private party, no municipality, no one on earth would be so silly as to build two generating plants within transmission distance of each other and not connect them with a wire.

I read on:

The construction of this line is mandatory—

Says this engineer—

under the Senate amendments—

Let me read that again:

The construction of this line is mandatory under the Senate amendments, and to practical intents is eliminated in the House bill.

The House bill provides for its building, but it circumscribes it with the various technicalities that I have heretofore outlined.

Let me read further from this engineer's letter:

The Tennessee Power Co. in the April hearings—

This meets another point made in this editorial:

The Tennessee Power Co. in the April hearings strongly opposed the construction of this line, expressing a desire to enter into working arrangements for the use of their lines. I have made a careful study of their lines, and any attempt to hook up the two dams by the use of their lines would be an abortion—their lines do not have the capacity and the hook-up would be a makeshift, to say the least. Owing to the special conditions which surround this hook-up, this line must be a heavy duty one—not less than 154,000 volts—and from an economic standpoint should not follow the rivers, but cut across on approximately a straight line, as I have indicated on the special map which went to the President with my brochure on January 19, 1933.

So it is evident that this man has been consulting with the President about it.

He says further:

Two things would happen if a patched-up hook were made between these two dams over Tennessee Power Co. lines. One of these is that nothing but grief and trouble could result; and secondly, the power company would get a large amount of power without paying a cent for it. The power people, when an attempt was made to get some idea from them as to how much power from the Wilson Dam—

That is Dam No. 2—

went to companies in other States, emphasized the fact that they could not tell inasmuch as you could not tag and label power once it was fed into transmission lines. That is true to such an extent that if Cove Creek and Wilson Dams were hooked up by transmission and distribution lines of the Tennessee Power Co. not even the recording angel could tell how many millions of hours of energy they would get without paying a cent for it. I have little doubt but what they would be perfectly delighted to build a complete transmission line under such conditions—

Now, listen:

because they could get enough free power every year to pay for the line several times over.

That is what this engineer says—their engineer, not mine. Reading on:

Since the House bill was redrafted in executive session I have studied carefully every provision in it from the technical and operating points of view, and to my mind from an operating and economic standpoint it is absolutely essential that the House recede from its stand on the transmission features. I do not believe that the board which will control the policies of the Tennessee Valley authority will have "death and destruction" for their motto, and that they will conduct the affairs with which they are charged in a sound business way without setting out to destroy any kind or class of industry.

Since the bill passed the Senate, I have heard the fear expressed that under the Senate amendment relative to power transmission the authority could proceed to wreck all of the power companies in that area and would probably proceed along those lines in a ruthless way. I do not believe that the board the President will appoint will attempt to embark on a campaign of industrial sabotage, and I feel sure that if they did the President would take a hand in it without delay.

Along the same line, I have heard it expressed (not by Members of Congress) that in drafting the transmission and distribution features of his bill, Senator NORRIS had in mind the practical destruction of existing power companies.

Every word of that, 100 percent, is false, and always has been; and every man who has had anything to do with me in the drafting of this legislation and the fight that has been going on for 12 years knows that there is not a scintilla of truth in it.

I read on:

That Senator NORRIS was not imbued with the idea of "death and destruction" is apparent in the extremely liberal provisions he made in his bill for hook-ups and interchange of power with private companies—these provisions being very broad and certainly very liberal.

And you have only to read the Senate bill to know it. Authority is given in the Senate bill to lease transmission lines, and then to lease to private companies transmission lines which the Government owns. Authority is given to make hook-ups with all private companies, to have them hooked up all the time, ready for accidents or anything of that kind that may happen to either system. Nowhere in the bill is there a word or a syllable that any honest man can construe to mean that we are trying to destroy other lines.

I read on:

To my mind, if there is any sting in the authority given the board in regard to the construction of transmission lines by the Senate amendments, this is more than compensated for in the

liberal provisions for the hook-up and interchange of power with private companies.

It is to be assumed that the board appointed by the President will be composed of men of experience, and in case no member of the board is technically trained, the necessary technical advisers will be arranged for. In either case it is to be assumed that good business judgment will be exercised in the disposition of surplus power, and that where the interests of the public will be conserved and the intents of the legislation carried out there is little doubt but what amicable arrangements will be entered into with private interests relative to the distribution of power. However, as I interpret the language of the House bill, the restrictions and limitations of the transmission provisions are such as to give the private power companies a club over the board which would to a large extent "hamstring" it in the effort to provide cheaper power to the ultimate consumer.

I am not trying to put a construction on the provision not in it, but I am trying to interpret it as I would if I were a member of the board trying to carry out the mandate of the Congress. It is on these grounds I feel that the House must recede very materially from the language it wrote into the bill.

Now, Mr. President, he is going to answer another claim, the one about widows and orphans. Now he is going to tell what happened to the market after the Senate bill was passed. It was said that if we enacted the Senate bill the widows and orphans who owned stocks and bonds in the various companies were going to lose everything they had. Let us see what happened. I read further:

During the hearings, April 11-15, the power interests painted a most direful picture of the destructive effect of legislation such as was contemplated, with especial reference to the preferred stocks and bonds held by widows and orphans, and in this connection it is of interest to note that when the House passed H.R. 5081, the preferred stock of the Commonwealth & Southern—

That is a holding company, controlling companies all over the territory down in Alabama, Georgia, and Tennessee—

the preferred stock of the Commonwealth & Southern was selling at \$21.50 per share. By the time the bill passed the Senate the selling price had gone up to \$28.50, and since the bill passed the Senate the price has gone up to \$33.875—

Oh, think of these widows and orphans. Think of these poor children left alone, suffering, having their life savings wiped out by this act of Congress, this cruel Senate bill. As a matter of fact their stock all took a jump the minute the Senate bill was passed—

By the time the bill passed the Senate the selling price had gone up to \$28.50, and since the bill passed the Senate the price has gone up to \$33.875, or more than \$5 a share since the Senate acted. The indications are that the owners are not overly scared.

Yours very truly,

J. EDWARD CASSIDY,  
Consulting Engineer.

Mr. President, I think that right at this time, when all over this city, especially on this Hill, there are all sorts of innuendos and all sorts of propaganda which the Power Trust is hurling at us and the House, it is proper that I should call attention now, right while they are obstructing, to the fact that editorials such as I have read from the Birmingham News and others, which are going to deluge the House of Representatives in the next day or so, are based on a false theory. They know it is false. They know it is untrue.

What, then, is their motive? Nothing under God's heaven is left except for them to admit the truth, that they are owned and controlled by the Power Trust.

#### PROTECTION OF INVESTORS

The Senate resumed the consideration of the bill (S. 875) to provide for the furnishing of information and the supervision of traffic in investment securities in interstate commerce.

Mr. FLETCHER. Mr. President, I wish to propose an amendment to come on page 37, lines 1 and 2, to strike out the words "with respect to each other class."

Mr. NYE. Mr. President, a Member of the Senate who is not in the Chamber at present requested that he be notified when the Senator from Nebraska had concluded. I therefore suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. LOGAN in the chair). The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Couzens	Kean	Reynolds
Ashurst	Cutting	Kendrick	Robinson, Ark.
Austin	Dale	Keyes	Robinson, Ind.
Bachman	Dickinson	King	Russell
Bailey	Dieterich	La Follette	Sheppard
Bankhead	Dill	Logan	Shipstead
Barkley	Duffy	Loneragan	Smith
Black	Erickson	McAdoo	Steiwer
Bone	Fess	McCarran	Stephens
Borah	Fletcher	McGill	Thomas, Okla.
Bratton	Frazier	McKellar	Thomas, Utah
Brown	George	McNary	Townsend
Bulow	Glass	Metcalf	Trammell
Byrd	Goldsborough	Murphy	Tydings
Byrnes	Gore	Norbeck	Vandenberg
Capper	Hale	Norris	Van Nuys
Caraway	Harrison	Nye	Wagner
Carey	Hastings	Overton	Walcott
Connally	Hatfield	Patterson	Wheeler
Coolidge	Hayden	Pittman	White
Copeland	Hebert	Pope	
Costigan	Johnson	Reed	

The PRESIDING OFFICER. Eighty-six Senators having answered to their names, there is a quorum present.

Mr. FLETCHER. I ask to have stated the amendment I have offered.

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. On page 37, line 1, after the word "class" and the comma, the Senator from Florida proposes to strike out the words "with respect to each other class", so as to read:

(4) A statement of the capitalization of the issuer, including the authorized and paid up amounts of its capital stock, the number and classes of shares into which such capital stock is divided, the par value thereof, or if it has no par value, the stated or assigned value thereof; a description of the respective voting rights, preferences, conversion and exchange of rights, rights to dividends, profits, or capital of each class, including the retirement and liquidation rights or values thereof.

The amendment to the amendment was agreed to.

Mr. FLETCHER. Mr. President, on page 38, line 21, after the word "investment", I move to insert the words "and the net amount received or to be received thereafter by the issuer", so as to read:

A detailed statement of the plan upon which the issuer proposes to dispose of the securities offered for registration, the price at which they are offered to the public, the net amount returnable to capital investment, and the net amount received or to be received thereafter by the issuer.

The amendment to the amendment was agreed to.

Mr. FLETCHER. On page 47, line 22, after the word "investment", I move to insert the same words "and the net amount received or to be received thereafter by the issuer", so as to read:

The price at which it is offered to the public, the net amount to be returned to capital investment, and the net amount received or to be received thereafter by the issuer.

The amendment to the amendment was agreed to.

Mr. FLETCHER. On page 47, line 23, after the words "amount of", to insert the words "discount, rebate," so as to read:

The price at which it is offered to the public, the net amount to be returned to capital investment, and the net amount received or to be received thereafter by the issuer, as well as the maximum amount of discount, rebate, commission, or other form or remuneration to be paid in cash or otherwise, directly or indirectly, for or in connection with the sale or offering for sale of such securities.

The amendment to the amendment was agreed to.

Mr. FLETCHER. On page 52, lines 18 and 19, I move to strike out the words "or other public utility", so as to read:

(b) Any security issued by and representing an interest in or a direct obligation of any common carrier subject to regulation or supervision as to the issue of its securities or its accounts by a commission, board, or officers of the Government of the United States; or any such security issued by any national bank; or by any corporation created and controlled by and acting as an instrumentality of the Government of the United States pursuant to authority granted by the Congress of the United States.

The amendment to the amendment was agreed to.



Mr. JOHNSON. Mr. President, as I understand it, the committee amendments have all been acted on.

Mr. FLETCHER. That completes the committee amendments.

Mr. ADAMS. Mr. President, I want to offer an amendment.

Mr. JOHNSON. I have an amendment to offer, but if the Senator's amendment will not take very long to consider, I will yield to him.

Mr. ADAMS. It is a small amendment.

Mr. JOHNSON. I yield.

Mr. ADAMS. On page 29, lines 23 and 24, I move to strike out the words "when such paper is not offered or intended to be offered for sale to the public."

The matter has been discussed with the Senator from Florida [Mr. FLETCHER], and it is intended to protect from the operation of the act certain paper which should not be included along with commercial paper, since it merely circulates among banks, instead of the general public.

Mr. FLETCHER. I think it is a very good amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment to the amendment.

The amendment to the amendment was agreed to.

Mr. JOHNSON. Mr. President, I have an amendment which I think is of some importance, and I would be very glad, indeed, if the Members of the Senate would give it their attention.

The PRESIDING OFFICER. The amendment offered by the Senator from California will be stated.

The CHIEF CLERK. The Senator from California moves as follows:

To add to the bill a new title, to be known as "title II", as follows:

#### "TITLE II"

"Sec. 201. For the purpose of protecting, conserving, and advancing the interests of the holders of foreign securities in default, there is hereby created a body corporate with the name 'Corporation of Foreign Security Holders' (herein called the 'Corporation'). The principal office of the Corporation shall be located in the District of Columbia, but there may be established agencies or branch offices in any city or cities of the United States under rules and regulations prescribed by the board of directors.

"Sec. 202. The control and management of the Corporation shall be vested in a board of 12 directors, who shall be appointed and hold office in the following manner: As soon as practicable after the date this act takes effect the commission shall appoint 12 directors, and shall designate a chairman and a vice chairman from among their number. After the directors designated as chairman and vice chairman cease to be directors, their successors as chairman and vice chairman shall be elected by the board of directors itself. Of the directors first appointed, 4 shall continue in office for a term of 2 years, 4 for a term of 4 years, and 4 for a term of 6 years from the date this act takes effect, the term of each to be designated by the commission at the time of appointment. Their successors shall be elected by the board of directors, each for a term of 6 years from the date of the expiration of the term for which his predecessor was appointed, except that any person appointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed shall be appointed only for the unexpired term of such predecessor. No person shall be eligible to serve as a director who within the 5 years preceding has had any interest, direct or indirect, in any corporation, company, partnership, bank, or association which has sold, or offered to sale, any foreign securities. The office of a director shall be vacated if the board of directors shall at a meeting specially convened for that purpose by resolution passed by a majority of at least three fourths of the board of directors, remove such member from office, provided that the member whom it is proposed to remove shall have 7 days' notice sent to him of such meeting and that he may be heard.

"Sec. 203. The Corporation shall have power to adopt, alter, and use a corporate seal; to make contracts; to lease such real estate as may be necessary for the transaction of its business; to sue and be sued; to complain and to defend, in any court of competent jurisdiction, State or Federal; to require from trustees, financial agents, or dealers in foreign securities information relative to the original or present holders of foreign securities and such other information as may be required and to issue subpoenas therefor; to take over the functions of any fiscal and paying agents of any foreign securities in default; to borrow money for the purposes of this title, and to pledge as collateral for such loans any securities deposited with the Corporation pursuant to this title; by and with the consent and approval of the Commission, to select, employ, and fix the compensation of officers, directors, members of committees, employees, attorneys, and agents of the Corporation, without regard to the provisions of other laws applicable to the employment and compensation of officers or employees of the United States; to

define their authority and duties, require bonds of them and fix the penalties thereof, and to dismiss at pleasure such officers, employees, attorneys, and agents; and to prescribe, amend, and repeal, by its board of directors, bylaws, rules, and regulations governing the manner in which its general business may be conducted and the powers granted to it by law may be exercised and enjoyed, together with provisions for such committees and the functions thereof as the board of directors may deem necessary for facilitating its business under this title. The board of directors of the Corporation shall determine and prescribe the manner in which its obligations shall be incurred and its expenses allowed and paid.

"Sec. 204. The board of directors may—

"(1) Convene meetings of holders of foreign securities.

"(2) Invite the deposit and undertake the custody of foreign securities which have defaulted in the payment either of principal or interest, and issue receipts or certificates in the place of securities so deposited.

"(3) Appoint committees from the directors of the Corporation and/or other persons to represent holders of any class or classes of foreign securities which have defaulted in the payment either of principal or interest and determine and regulate the functions of such committees. The chairman and vice chairman of the board of directors shall be ex officio chairman and vice chairman of each committee.

"(4) Negotiate and carry out, or assist in negotiating and carrying out, arrangements for the resumption of payments due or in arrears in respect of any foreign securities in default or for rearranging the terms on which such securities may in future be held or for converting and exchanging the same for new securities or for any other object in relation thereto; and under this paragraph any plan or agreement made with respect to such securities shall be binding upon depositors, providing that the consent of holders resident in the United States of 60 percent of the securities deposited with the Corporation shall be obtained.

"(5) Undertake, superintend, or take part in the collection and application of funds derived from foreign securities which come into the possession of or under the control or management of the Corporation.

"(6) Collect, preserve, publish, circulate, and render available in readily accessible form, when deemed essential or necessary, documents, statistics, reports, and information of all kinds in respect of foreign securities, including particularly records of foreign external securities in default and records of the progress made toward the payment of past-due obligations.

"(7) Take such steps as it may deem expedient with the view of securing the adoption of clear and simple forms of foreign securities and just and sound principles in the conditions and terms thereof.

"(8) Generally, act in the name and on behalf of the holders of foreign securities the care or representation of whose interests may be entrusted to the Corporation; conserve and protect the rights and interests of holders of foreign securities issued, sold, or owned in the United States; adopt measures for the protection, vindication, and preservation or reservation of the rights and interests of holders of foreign securities either on any default in or on breach or contemplated breach of the conditions on which such foreign securities may have been issued, or otherwise; obtain for such holders such legal and other assistance and advice as the board of directors may deem expedient; and do all such other things as are incident or conducive to the attainment of the above objects.

"Sec. 205. The board of directors shall cause accounts to be kept of all matters relating to or connected with the transactions and business of the Corporation, and cause a general account and balance sheet of the Corporation to be made out in each year, and cause all accounts to be audited by one or more auditors, who shall examine the same and report thereon to the board of directors.

"Sec. 206. The Corporation shall make, print, and make public an annual report of its operations during each year, send a copy thereof, together with a copy of the account and balance sheet and auditor's report, to the Commission and to both Houses of Congress, and provide one copy of such report but not more than one on the application of any person and on receipt of a sum not exceeding \$1: *Provided*, That the board of directors in its discretion may distribute copies gratuitously.

"Sec. 207. The Corporation may in its discretion levy charges, assessed on a pro rata basis, on the holders of foreign securities deposited with it, provided that any charge levied at the time of depositing securities with the Corporation shall not exceed one fifth of 1 percent of the face value of such securities, and provided further that any additional charges shall bear a close relationship to the cost of operations and negotiations, including those enumerated in sections 203 and 204, and shall not exceed 1 percent of the face value of such securities.

"Sec. 208. The Corporation may receive subscriptions from any person, foundation with a public purpose or agency of the United States Government, and except that such subscriptions may, in the discretion of the board of directors, be treated as loans repayable when and as the board of directors shall determine.

"Sec. 209. The Reconstruction Finance Corporation is hereby authorized to grant out of its funds the sum of \$50,000 annually for 3 years for the use of the Corporation.

"Sec. 210. This title may be cited as the 'Corporation of Foreign Bondholders Act, 1933.'"

Mr. JOHNSON. Mr. President, in the matter of the control of foreign securities, we are thrice blessed in the matter



of bills designed to protect in the future their issuance and their sale. I would be very glad if our friends on the other side would give me their attention if they are not familiar with the amendment I now present; if they are familiar with the amendment, I do not ask their attention; but if they are not, I would be very glad if they would give me their attention for a brief period.

The measure that is proposed today by the Senator from Florida [Mr. FLETCHER] is wise and salutary. There have been three bills of this character before the Congress, one of which I originally introduced, and that has been reported favorably by the Judiciary Committee; the second of which, termed the "Rayburn bill", has been passed by the House; and the third, introduced by the Senator from Arkansas [Mr. ROBINSON] for the Senator from Arizona [Mr. ASHURST] and approved by the Committee on Banking and Currency, comes to us today.

Any one of the bills is good. Although I was interested in the subject before most of those here gave it attention at all, it is a matter of no consequence to me whose bill may be enacted, whether it be the one or the other. I should like to prevent in the future a recurrence of what has happened in the past.

It was demonstrated, and demonstrated conclusively, before the Finance Committee a year or so ago that there had been sold in this country foreign securities—and with them particularly do I deal—which some of those who offered them for sale, supposedly great reputable banking houses, knew full well would probably be defaulted and probably never would be paid; and yet with knowledge before them by reports of their own investigators, with knowledge before them of reports upon the financial condition of various nations whose securities they were selling, knowing, as I say, that there would probably never be realized upon those bonds a tithe of what the American people were paying for them, by means of high-powered salesmanship, and with a kind of prospectus that none of us, indeed, would indulge or countenance, they were able to palm off upon the American public literally some billions of dollars worth of foreign securities, and thus practically—aye, literally—rob the American people and the investing public. The bills which have been presented, including the one which has come before us today, are designed to prevent a recurrence of that sort of wrong in the future, and they will accomplish what ought to have been accomplished long, long ago—a mode by which publicity may be had concerning the securities which are offered for sale, by which liability may be attached to those who offer them, and by which there may finally be protection for the investing American public.

I seek to do another thing by this amendment. We seek now, all of us, to shut the door of the stable after the horse is gone and to protect our people in the future, a high duty, indeed, and one which ought to be performed. I am trying by the creation of a public corporation, within the structure of the protective system provided for in the pending bill, to give some place the swindled investor may go for the deposit of his particular security and receive the aid of the organization thus created.

Mr. ADAMS. Mr. President, may I interrupt to ask the Senator from California two questions?

The PRESIDING OFFICER (Mr. BARKLEY in the chair). Does the Senator from California yield to the Senator from Colorado?

Mr. JOHNSON. I yield.

Mr. ADAMS. The Senator from California is speaking of the creation of a corporation. His amendment provides, if I have read it correctly, for the appointment of a board of directors of the new corporation by the Federal Trade Commission. Then it provides that from that time on the board of directors shall appoint its own successors; that is, it is to be self-perpetuating. I am wondering why the appointment is to be vested in the Federal Trade Commission?

Mr. JOHNSON. The bill before us provides that there shall be a commission, which shall in the future endeavor to protect investors. That commission has been fixed as the Federal Trade Commission. Personally, I did not prefer

that at all; I should have preferred the commission proposed to be created in the bill introduced by me and reported by the Judiciary Committee. I took the three heads of departments that have dealt and are dealing with this subject, and those three heads of departments—the Secretary of State, the Secretary of Commerce, and the chairman of the Federal Reserve Board—are made the commission in the bill I introduced, favorably reported by the Judiciary Committee, which would deal with the subject in the future; but I did not want, in any degree, to interfere with the bill that has been reported from the Banking and Currency Committee; and so I have taken now the commission that the Banking and Currency Committee bill creates, and that commission which will deal with the subject in the future is the Federal Trade Commission. I have given them the right of appointment of the directors, in the first instance, of course, because it is the commission having jurisdiction of the subject, and I have given it to that commission because I cannot, in my opinion, entrust it to the selection of those who in the past have floated these foreign securities and have been the purveyors of them to the American public.

I cannot do entirely as the British corporate act does, but, as best I could, I have endeavored to create within the structure that is set up in the pending bill with the very means provided by this measure, a corporation which may salvage, if it be possible, something at least for those who have been mulcted by the sale of bad securities in the days gone by. That is what I am endeavoring to do.

Mr. ADAMS. Does not the Senator think it rather a bad precedent to create a self-perpetuating board? Would it not be better to come back to the Federal Trade Commission to appoint successors rather than refer that matter to the board of directors?

Mr. JOHNSON. I have not the slightest objection. The form is not appealing to me. I shall be very glad to accept whatever the best thought in the Senate may be in regard to any particular amendment, any particular thought or suggestion, any particular method of selection. What I do want is some place where the man who has bought these securities in good faith, paid his money, and has been robbed and impoverished may go and present his securities and have some sort of aid rendered unto him. That is the beneficent purpose I am seeking to accomplish here.

It is necessary from another standpoint. I think I speak by the book when I say that there has been a regular racket in the matter of foreign securities practiced in some of the cities of this land. Some organizations are excellent. In good faith they are making an endeavor to do their duty. Other organizations are under the control, absolutely, of the very people who sold the rotten securities, and they make of this sort of thing a racket which we ought to prevent, if we can prevent it. That is one of the purposes of the amendment I have suggested.

Mr. FLETCHER. Mr. President—

The PRESIDING OFFICER. Does the Senator from California yield to the Senator from Florida?

Mr. JOHNSON. Certainly.

Mr. FLETCHER. Instead of creating a separate corporation as the amendment does, why not have the Federal Trade Commission invested with authority to do the thing that is proposed to be done?

Mr. JOHNSON. I thought it much more appropriate to create a separate corporation than to have the Federal Trade Commission dealing with events of the past and being itself a repository of the securities that had been sold in the fashion that many of these securities have been sold. I would not care if we had the Federal Trade Commission do it. It is the beneficial fact that I want to accomplish. I want to do something more, because I was greatly interested in what had been done in the investigation conducted before the Finance Committee of the Senate a year or more ago. I want to do something if I can whereby these people may be protected who have been treated in the fashion that they have by those who made great profits out of the selling of foreign securities.



Mr. TYDINGS. Mr. President—

The PRESIDING OFFICER. Does the Senator from California yield to the Senator from Maryland?

Mr. JOHNSON. I yield.

Mr. TYDINGS. On page 7, section 207 authorizes the corporation to assess the bondholders. I presume that is for the purpose of administering the provisions of the bill?

Mr. JOHNSON. Oh, yes. I assumed, and the fact of the matter is, that under its general powers the corporation could do that anyway, but in order to make it certain I give them that right. Of necessity they can deal only with those securities which come voluntarily to them. With the authority contained in the law itself on the right of assessment, it was my thought that it would make plainer to investors exactly what is contemplated.

Mr. KING. Mr. President, may I interrupt the Senator?

The PRESIDING OFFICER. Does the Senator from California yield to the Senator from Utah?

Mr. JOHNSON. Certainly.

Mr. KING. I came into the Chamber after the Senator's amendment was tendered and I am not familiar with its provisions except as I am able to infer from that part of the explanation which I heard. What difference is there between the new amendment and calendar 44, the bill (S. 882) to provide for the more effective supervision of foreign commercial transactions, and for other purposes, as reported by the Judiciary Committee?

Mr. JOHNSON. I am not touching that bill at all. This is another title entirely and does not deal with the subject matter of that bill except insofar as foreign securities that are in default might be dealt with.

Mr. KING. Has the amendment just tendered been offered heretofore and considered by any committee?

Mr. JOHNSON. I do not know. It was offered on the floor some weeks ago and has been printed and has been lying on the table. There are some emendations which I made today with respect to it, but the amendment in its general form has been lying on the table some weeks.

Mr. KEAN. Mr. President—

The PRESIDING OFFICER. Does the Senator from California yield to the Senator from New Jersey?

Mr. JOHNSON. Certainly.

Mr. KEAN. I would like to ask the Senator whether he will not limit the amount of the assessment that the commission may ask the depositors to pay? It is usually limited in similar cases to one fourth or one half of 1 percent.

Mr. JOHNSON. Unless I misunderstand the Senator's question we have done exactly that thing. We provide that any charge levied at the time of depositing the securities with the corporation shall not exceed one fifth of 1 percent.

Mr. KEAN. But is the total charge limited?

Mr. JOHNSON. Subsequently it is provided "any charge shall not exceed 1 percent of the face value of such security."

Mr. REED. Mr. President, will the Senator permit a question?

The PRESIDING OFFICER. Does the Senator from California yield to the Senator from Pennsylvania?

Mr. JOHNSON. Certainly.

Mr. REED. Perhaps it has already been answered. I just came into the Chamber. I take it from a hasty reading of the amendment as modified that the corporation would have practically the same powers and functions as are now enjoyed by the British corporation of foreign-bond holders?

Mr. JOHNSON. It was my hope that that might be so. I have not succeeded wholly, I confess, because I think there are greater powers in the British act than we accord here.

Mr. REED. I take it that this provision does not affect the transfer of foreign securities from one individual to another.

Mr. JOHNSON. Oh, no.

Mr. REED. In the same way the bill now on the calendar would affect them.

Mr. JOHNSON. No; I am not dealing with that subject. What I am trying to do is what the British have done, and done most admirably. If the Senator will read the last report of the British organization, he will see, as he doubtless knows without my saying so, how they have gone into every country practically on the face of the earth. They have gone in under their law after the formation of a corporation for the purpose of protecting their security holders. They have done it in a fashion that wins the highest respect and admiration of one like myself. I am seeking in some degree to afford some place where the swindled investor may deposit his securities and be perfectly certain that he is not in a racket where some of those who have sold the securities to him are controlling the organization, and from which he may hope for a useful service and a helpful service as well.

Mr. REED. Mr. President, if the Senator will permit a further interruption very briefly—

Mr. JOHNSON. I am very glad to do so.

Mr. REED. I think it has been in some cases almost scandalous to read of the personnel and legal representation of the so-called "committees" for the protection of holders of defaulted bonds. I have noticed a number of them in which the original issuing house had apparently named all of the members of the so-called "committee", had named the legal counsel, and were very obviously in control of the rights of those people whose interests were adverse to themselves.

Mr. JOHNSON. The Senator is entirely correct. It has become in some instances a regular racket. One of the things I was trying most sedulously to avoid was the possibility of that thing occurring in the future. If we look at the directorate provided for, cumbersome possibly, it will be seen that we provide that no individual who was concerned in the original issue or sale and the like can become a member.

Mr. REED. I am glad of that.

Mr. JOHNSON. I am seeking in any way that may be possible to give us a public agency that will salvage, conserve, protect, aid in some way the American investor who has been swindled, and the little that may remain to him; and I aim to keep the seller of worthless securities off the directorate that will have authority to deal with the doubtful and defaulted securities.

Mr. REED. The submission of one's securities and one's rights to this corporation is optional with the particular security holder, I take it?

Mr. JOHNSON. Oh, purely so.

Mr. REED. Without undertaking to pass on the details of the amendment, because I have not had a chance to study it, I should like to say that I am heartily in sympathy with the Senator's purpose.

Mr. JOHNSON. I want to express my gratification because oftentimes the Senator and I are at loggerheads. In this instance we are agreed, and I take it, therefore, that any of my skeptical brethren over on the other side of the Chamber may be perfectly certain that we are trying to do something that is of value and something that ought to be done.

Mr. ADAMS. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from California yield to the Senator from Colorado?

Mr. JOHNSON. I yield.

Mr. ADAMS. As I understand the parliamentary situation, it is such that I could not now offer an amendment. I would suggest, along the line of my previous inquiry, that in place of the provision on page 2 of the typewritten part, where it provides "their successors shall be elected by the board of directors"—in other words, elected by themselves—the language should be changed to read, "that their successors shall be appointed by the Commission."

Mr. JOHNSON. I have not the slightest objection.

The PRESIDING OFFICER. Amendments are in order to the amendment offered by the Senator from California.

Mr. JOHNSON. I shall be very glad, with the permission of the Chair, to accept an amendment of that sort.

The PRESIDING OFFICER. The Senator from California may modify his amendment.

Mr. JOHNSON. The Senator refers to the sentence on page 2 which begins, "Their successors shall be elected by the board of directors."

Mr. ADAMS. Yes. I would have it read that they "shall be appointed by the Commission."

Mr. JOHNSON. Let me state the amendment and see if I state it accurately. After the word "elected", on page 2, strike out the words "by the board of directors" and insert in lieu thereof "by the Commission."

Mr. ADAMS. The bill itself designates the commission as meaning the Federal Trade Commission.

Mr. JOHNSON. Yes; I know that.

Mr. ADAMS. I would strike out the word "elected" and insert the word "appointed."

Mr. JOHNSON. Very well. Let it be changed to read then that "their successors shall be appointed by the Commission."

Mr. KING. Mr. President, before that is passed upon may I interrupt the Senator?

The PRESIDING OFFICER. Does the Senator from California yield to the Senator from Utah?

Mr. JOHNSON. Certainly.

Mr. KING. What is the necessity, if this is voluntary—that is to say, if the bondholders may or may not deposit their bonds with this corporation—for creating a Federal corporation? Why may not there be formed in one or all the States, if their corporation laws permitted, corporations of this character, organizations for the purpose of executing the powers and carrying out the responsibilities that are to be devolved upon the corporation here to be created?

Mr. JOHNSON. It is quite possible that corporations of that character might be formed in every State of the Union, but this is an endeavor legislatively to form one corporation which may do the job. It would seem to me that is much preferable to relegating the various holders of securities to the different States and then going about in other States to collect others similarly situated to form such a corporation.

Mr. KING. May I say to the Senator that I have some doubt as to the power, legally and constitutionally, of the Federal Government to create a corporation other than corporations that are to carry on some of the functions of the Federal Government. The power to create corporations belongs to the States except as to those corporations of a governmental character.

Mr. REED. Mr. President, if I may interrupt, we have organized the American Legion, for example.

Mr. KING. May I say that the Committee on the Judiciary, looking over the record of a large number of corporations some years ago, such as the Armenian Committee and others, reached the conclusion that those corporations having a private character organized for the purpose of carrying on private activities ought not to be created under act of Congress, and I entirely sympathize with that view. If we are making this a governmental corporation to carry on a governmental function, that is one thing. If it is a private corporation to aid in private activities, that is another thing; and if it is, I see no reason for creating a Federal corporation.

I know the argument is often made that a Federal charter gives to a corporation a prestige and a power and an authority and an influence among the people that a corporation organized in the State of New York or the State of Pennsylvania would not have; but I cannot conceive of the authority of the Federal Government to grant these charters for all sorts of private activities. It seems to me it is a perversion of the authority and power of the Federal Government so to do.

I am making this observation wholly impersonally, without reference to the corporation now before us.

Mr. REED. Mr. President, will the Senator permit me to say a word in answer to the Senator from Utah?

Mr. JOHNSON. I yield.

Mr. REED. I have always had considerable doubt of the power of the Federal Congress to incorporate corporations, as we have been doing in the past for a good many different

kinds of charities. We incorporated the American Legion. We have incorporated a lot of other eleemosynary or fraternal organizations.

Mr. KING. None lately, however.

Mr. REED. It is only comparatively recently that our Judiciary Committee and the Senate as a whole have set their faces rather sternly against continuing the practice; but I think in this case there is a real reason—perhaps not a constitutional justification, but at least a practical reason—for doing it in this way.

I can easily conceive that corporations with high-sounding titles would be formed by these interested parties within the States just as they form bondholders' committees today. It would be just as easy for the issuing house to put their clerks into a corporation with some grandiose title and use it as they are using today these dummy committees that they organize. That is the practical reason, I think, why it ought to be done in this way.

I do not like the idea of having the Trade Commission nominate the directors, because in all likelihood those directors will be mere political appointees, particularly if they draw down substantial compensation; and yet at the moment I cannot think of any better way of doing it.

Mr. JOHNSON. I started, may I say to the Senator, with having the President appoint the directors. Then I thought his duties were such, inasmuch as we were forming a commission to deal with the subject generally, that I better return the power to the Federal Trade Commission.

Mr. REED. I agree with the Senator. We have given the President power to regulate everything but the weather, and he is going to be tolerably busy for the next few years. I wish, however, that he could put some sort of check on the action of the Federal Trade Commission.

Mr. JOHNSON. The Federal Trade Commission is given the full power in the general bill to which this is an amendment.

Mr. REED. Yes.

Mr. JOHNSON. That is why I think it the appropriate thing. I do not know whether the Senator was here when I explained the original idea that I had in regard to the matter. He will find in the bill that is before him, which was reported by the Judiciary Committee, that I formed a different sort of commission—the Secretary of State, the Secretary of Commerce, and the head of the Federal Reserve System. I did that because I knew, from the investigation we had had, that the State Department had certain information upon the subject; I knew that the Department of Commerce had certain information upon the subject, and I knew that the Federal Reserve System probably had some information; but I did not want to interfere with the bill of the Senator from Florida, in which he creates his commission out of the Federal Trade Commission, and so that was one of the reasons.

During the time that we were preparing this bill I collated all the corporations that had been formed by the Congress of the United States. I am sorry that I left the list upon my desk, and have not it here. I am not doubtful of the constitutionality of what we do; and beyond that, so well put have been the reasons, outside of the legal aspect, by the Senator from Pennsylvania, that nothing need be added. Corporations, as Senators know, could not be formed in each State of the Union, and there could not be the control in each State in the Union that we desire to have over this sort of subject matter. It can be done only by the Central Government, and it can be done effectively only in the fashion in which we have endeavored to do it here.

Mr. KING. Mr. President, I have not had an opportunity to examine the amendment offered by the Senator from California or the amended amendment which I am advised was read a few moments ago while I was absent from the Chamber participating in a committee meeting.

I have just secured a copy of the amendment, but am not familiar with the terms of either it or the amendment to the amendment; and hastily examining the amendment I observe that it is a corporation to "protect the interests



of the holders of foreign securities in default." Apparently it is not to aid persons who intend to purchase foreign securities. I assume that the principal purpose of the measure is to aid American purchasers of foreign securities in those cases in which there has been a default in payment of principal or interest upon such securities. As is known, foreign securities—governmental, municipal, or otherwise—during the past few years were sold to the American public. Many of these securities have diminished in value until the market values of some of them are but a small percent of the prices paid for the same by the public in the United States. Undoubtedly the losses sustained by the purchasers of these securities will be very great, and I assume it is thought that under the terms of this bill the holders of these securities may be aided in recovering as much as possible upon the same and thus diminish the losses which they will ultimately sustain.

I am not quite certain as to the nature of the corporation which is to be created. It would seem that any corporation formed to aid the security holders in salvaging as much as possible of these securities would be a private corporation. In the imperfect and hasty glance I have given the bill I have been unable to perceive that its functions are governmental or that it is a corporation organized pursuant to authority conferred upon the Federal Government. At any rate, as I understand the bill, it is not organized to execute functions of a national or international character. It seems to me that we should first determine whether the organization to be formed is private or public; whether it is a corporation of a private character to serve private ends or private purposes, or a corporation formed purely and strictly for governmental purposes. If it is the former, then it would seem that this is not the proper forum in which the corporation is to be created. Private corporations for private purposes should not be created by the Federal Government; it has no valid authority for that purpose.

Reference has been made to the English Securities Act, I assume for the purpose of justifying this proposed legislation. As I understand the contention, Great Britain has a securities act containing provisions for protecting the purchasers of securities where there has been a default in the payment of the interest or principal of securities sold to the public. I do not concede that legislation by Parliament of the character indicated is a precedent which should be followed by the Federal Government. The authority of the Federal Government is not as broad or as comprehensive in dealing with many questions and matters as that enjoyed by the Parliament of Great Britain. Parliament is supreme in dealing with matters relating to the domestic affairs of Great Britain, or in dealing with national and international questions affecting Great Britain. It enacts laws dealing with private corporations; and, generally speaking, discharges the functions and responsibilities which appertain to sovereign States of our Union. The British Parliament, as I am advised, not infrequently grants private charters for the carrying on of business activities not at all connected with governmental functions.

Under our form of government the States deal with matters of a domestic character. The States are sovereign within their spheres; they have certain governmental functions and exercise police powers. They have the right to enact laws under which corporations may be formed to carry on private enterprises. There are several hundred thousand corporations within the United States which were created by and under laws enacted by the various States. It is not the function of the Federal Government to deal with these internal and domestic questions and to create corporations of a private nature to carry on private business. I admit that a number of corporations have been formed by Congress which did not fall within the category of governmental agencies. Insofar as this has been done, I think Congress exceeded its authority. Certainly in so doing its actions were questionable.

There ought to be no occasion in this body to challenge attention to the limitations imposed upon the Federal Government. Within its sphere it is supreme, but its powers

are circumscribed and its authority is only that granted to it by the Constitution. The States are supreme within their sphere, and the Federal Government transcends its authority when it invades the rights of the sovereign States. It would be most unfortunate if the States were to lose their identity and become mere geographical expressions. The devitalization of the States would be destructive of our form of government.

In periods of economic or political peril there are movements, powerful and too often irresistible, in favor of the consolidation of political authority in the hands of a limited number and to increase the authority of the central or National Government. In the War between the States the authority of the National Government was greatly increased, with the result that the authority of the States was weakened. It is true, as I have stated, that there are historical precedents for the movements in favor of aggrandizing the Federal Government; and in this economic crisis, which has its repercussions in our political institutions, it is to be expected that the authority of the Federal Government will extend beyond the limits and boundaries in which it was exercised in days of prosperity and periods of industrial and economic peace. We may regret the transference of authority from communities and States to the National Government, and deplore the existence of conditions economic or otherwise that are relied upon as justification for such transference of authority.

Speaking for myself and without reference to the immediate present and the legislation which is receiving approval, I deplore the growing disregard of individual and State rights, of community consciousness, and of that democratic spirit which influenced the founders of this Republic and found expression in the philosophy upon which rested our dual form of government under which there was reserved to the States and to the people, respectively, all authority not granted to the National Government. I submit that there is no grant of authority to the Federal Government to create private corporations or supervise their activities as such.

The corporations to which I have referred are the creations of the States, subject to State laws and amenable to such regulations as the States may prescribe. As I have indicated, however, we are increasing the power of the Federal Government, and it more and more is bringing the States and the people within its control and subjecting them to national supervision in a fashion never dreamed of by those who gave us the Constitution of the United States.

It would seem from a hasty glance at the measure offered by the Senator from California that it deals with a subject within the jurisdiction of the States. It creates a corporation, if I understand its provisions, to deal with the property of private individuals, to conserve the same, and to protect it for the advantage of individuals. It is not, if I interpret it correctly, a Government agency to be employed or utilized for governmental purposes. Undoubtedly the Federal Government may create corporations or agencies to execute national governmental functions. There was a time when its authority to create national banks was challenged, but it was contended that they were performing functions of a governmental character.

Undoubtedly the National Government has the authority to set up such agencies or create such corporations as are necessary to discharge governmental functions. The Government would have the right to create a corporation to build war vessels or manufacture war munitions or erect Federal buildings. But there must be some line of demarcation between the proper and legitimate functions of the Federal Government and the rights, powers, and authority of the States. I admit that the line may at times be dim and uncertain, and I concede that the Federal Government has not infrequently crossed the line if it has not obliterated it. Nevertheless, it should be the purpose of all patriotic citizens to protect and defend the States in their authority and prerogatives and also to prevent the Federal Government from transcending its authority. This is not an academic question but one that is ever present, real, and vital. It becomes more important in this period of confusion and



bewilderment, particularly when movements are inaugurated in this and other lands destructive of fundamentals and the landmarks set up for the guidance and protection of the people.

An examination of the amendment offered by the Senator from California reveals that the corporation shall be organized, possessing the usual and ordinary powers which would be granted by States to private corporations formed to carry out the purposes indicated in the amendment, and I respectfully suggest that the Federal Government is asked by the amendment to aid private persons in private and individual enterprises and activities. The laws of substantially all the States of the Union authorize the creation of corporations such as is now proposed shall be created by the Federal Government. If this is true, then this amendment has no place here and Congress is not warranted in passing measures such as the amendment before us.

The fact that the corporation to be formed handles foreign securities does not endow it with the qualities of a governmental corporation. Many private corporations are formed to deal in foreign securities as well as domestic securities. Certainly a corporation formed to buy and deal in foreign securities is not a governmental agency and is not discharging governmental functions.

I concede that a situation might arise in which the Federal Government might desire, as a part of some important policy governmental in character, to buy and sell foreign securities or foreign exchange, or, for that matter, foreign commodities, and in furtherance of that object, create a Federal corporation, but again I submit that the corporation to be formed under this amendment is easily distinguishable from such hypothetical Federal corporation. I am told that there are associations—possibly corporations—formed to protect the holders of foreign securities in default. It may be that it is believed by some persons that a Federal charter would give greater prestige and authority to an association or corporation than those already existing or corporations formed under the provision of State laws; but again I submit that the prestige of the Federal Government ought not to be invoked or employed for purely private enterprises.

I call the attention of Senators to the fact that the amendment, as I have hastily examined it, imposes no restrictions upon compensation or salaries to be paid to the officers and agencies of the corporation, and Senators will observe that section 209 of the amendment calls for \$150,000 to be paid as a grant or gratuity to the corporation. There are no restrictions upon the use of this large sum. It carries \$150,000 "for the use of the corporation." That means, of course, for the payment of salaries and compensation and other corporate expenses.

It is a rather extraordinary proceeding, as I view it, to have the Federal Government create a private corporation for private purposes and private profit and benefit and then require it to pay \$50,000 a year for 3 years obviously to meet the salaries of the directors and employees of the corporation and other expenses. Why should the taxpayers of the United States be called upon to pay the expenses of a private corporation and meet the salaries and compensation of its directors and employees?

I observe that under section 206 there is a provision that the corporation shall make an annual report to both Houses of Congress. It would seem to me that this provision and section 209, which calls for \$150,000 to be paid by the taxpayers of the United States through the Reconstruction Finance Corporation, are designed with the view of relieving the proposed corporation from the claim that it is a private corporation and to envelop it in the cloak of a Federal agency. But, Mr. President, I submit that such contention cannot be sustained. If such were the case, then any corporation obtaining a Federal charter and organized for private gain and private purposes, by inserting in its charter that reports must be made annually to Congress, could derive all the benefits, immunities, and prestige that flow from organizing under a Federal statute; and if the Federal Government appropriated a sum, large or small, to pay the

expenses of the operation of such corporation, then it would strengthen the contention that such corporation, organized for private purposes, was endowed with a national character.

The Senator from California has referred to the hearings conducted by the Committee on Finance, which reveal that foreign securities were sold through American investment companies and banking houses and brokers at prices not warranted, and that the purchasers of such securities have lost perhaps hundreds of millions of dollars. I might add that the hearings also revealed what is known to everyone, that securities issued by domestic corporations and by cities, towns, and other political subdivisions, were unloaded upon the public, who have sustained enormous losses because of the decline in the values of such securities. The various forms of securities issued by our domestic corporations and by States and political subdivisions amount to perhaps more than \$75,000,000,000. These securities possess but a fraction of the market value of the prices paid by the American people.

If a corporation were formed to protect the purchasers of these securities that are in default I do not think it would be contended that such corporation was a governmental agency, or that it was organized to perform a public function. I see but little difference between the corporation proposed to be formed under the amendment and one that might be formed to handle and conserve domestic securities in default.

That a wrong was committed against the American public by the sale of many of these securities, foreign and domestic, must be conceded by all, but such wrong does not in my opinion justify the creation by Congress of one or more corporations to handle securities which are in default.

Mr. BORAH. Mr. President—

The PRESIDING OFFICER (Mr. BARKLEY in the chair). Does the Senator from Utah yield?

Mr. KING. I yield.

Mr. BORAH. In view of the fact that these corporations are selling these securities all over the United States in every State in the Union, how would the Senator have the matter controlled except by the National Government?

Mr. KING. As I have indicated, not only were foreign securities but domestic securities sold in all parts of the United States; but I am suggesting that the fact that they have been sold in various parts of the United States does not authorize the Federal Government to form a corporation to deal with the securities that are outstanding and which are in default. It may be that the Federal Government has the authority to enact a law such as the one before us, entitled "A bill to provide for the furnishing of information and the supervision of traffic in investment securities in interstate commerce." This bill which the Senator from California is seeking to amend provides that before securities are issued and sold in interstate commerce certain preliminary steps must be taken by those who seek to issue the securities. The measure is what might be denominated a "Federal blue sky law."

I can see considerable difference between a measure such as the one just referred to and a measure such as suggested in the amendment offered by the Senator from California, which is rather a bill to liquidate certain foreign securities. I might add, however, that under the interpretation which is now being placed upon the interstate provision of the Constitution, there would seem to be no limit to the authority and power of the Federal Government. It is suggested by some that under the interstate-commerce clause, wages may be fixed in private industry, individuals and corporations may be limited in the amount or quantities of production of every form of commodity; that mills and plants and factories may be restricted in the annual production of their respective plants; that a Federal agent may prescribe the number of yards of cloth certain factories may produce or the number of pairs of shoes that a factory may annually manufacture; and, indeed, that every branch of industry may be controlled by the Federal Government if its product enters into interstate commerce. I cannot perhaps off-hand and in the limited time before us fully canvass the question suggested by the Senator from Idaho, but I do



not concede that under the power of the Federal Government to regulate interstate commerce it may take charge of all of the business activities of the United States, of all corporations, individuals, and associations, and exercise control and supervision of all of their activities.

Mr. REED. Mr. President, will the Senator permit me to make a suggestion in answer to the Senator from Idaho?

Mr. KING. I yield.

Mr. REED. I have great doubt of the constitutionality of the original bill, but no doubt about the constitutionality of the amendment proposed by the Senator from California, and this is why:

It is admittedly the exclusive function of the Federal Government to carry on diplomatic negotiations with foreign lands. One of the most useful of those functions is that of negotiations to protect the interests of Americans who have investments in those foreign lands. This corporation is formed to do exactly that. In other words, it is formed to carry on an admitted prerogative of the Federal Government. That is why I say I have no doubt of the constitutionality of this amendment; but, for the reasons suggested by the Senator, I have grave doubt of the constitutionality of the main bill.

Mr. KING. It may be that the Federal Government has the right to assert a control or supervision over foreign securities which it might not validly assert over purely domestic transactions. Undoubtedly the executive department, probably through the agency of the State Department, would have the right, at the instance of an American citizen who claimed that a foreign government had wronged him or was indebted to him, to make representations to such government in behalf of such citizen, and it may be that the Federal Government possesses the authority to set up an agency to collect claims of American nationals due from foreign governments or the nationals of other governments. That question, however, is not before us and the proposition contained in the amendment is to be differentiated from the hypothetical conditions just suggested.

I revert to a phase of the question which I have been discussing. If the corporation to be formed is a private corporation, that should be clearly understood; and if it is a Federal corporation, we should understand the implications and consequences that might arise therefrom. If it is a Federal agency, then it may be that the Government would be liable for the misdeeds of those placed in charge of the same.

If the corporation to be formed is a Federal organization, it is certainly within the bounds of probability that if the officials of the organization should fail in their duty, should not act with fidelity in the collection of the securities entrusted to them, or should be guilty of embezzlement or malversation in any form, the Government of the United States would be asked to indemnify those who had suffered by reason of their derelictions. I am impressed with the thought that the corporation to be formed under the amendment is a private one, and that the Congress is not the proper forum to deal with the propositions involved in the amendment offered by the Senator from California. In my opinion, the Senate should clearly indicate that the corporation to be formed is not a Federal agency but, upon the contrary, is a private corporation not subject to the control of Congress, and for whose acts and for the acts of its officials and employees the Federal Government is in no wise responsible.

Mr. FLETCHER. Mr. President, the Senator from California very aptly used the illustration of locking the stable door after the horse is gone as applied to the bill now pending, and then he pointed out that there ought to be some way of salvaging something from what has already been lost on account of corporations doing the things which this bill endeavors to prevent in the future. There is a great deal in that; I am quite in sympathy with the Senator's view and idea with respect to that, and I am not going to raise any opposition of any consequence to his proposed amendment. I am willing that it shall go to conference, as the bill will

have to go, and let this item be considered along with other provisions of the bill by the conferees, who finally will have to reconcile the differences between the Senate and the House.

Mr. President, I do not believe there is any question about the constitutionality of the bill itself. Both the commerce clause of the Constitution and the provision as to post roads cover the grounds which are intended to be reached by the bill. I do not question the constitutionality of a provision such as the proposed amendment. I think we can create such a corporation and authorize it to act. Therefore I am not urging any particular opposition to the amendment and suggest that it might well go to conference and be considered along with the bill itself.

Mr. KING. Mr. President, I inquire of the Senator from California why he is exacting, under the terms of the amendment, \$150,000 from the United States?

Mr. JOHNSON. Mr. President, I have not exacted it; I have given the authority to the Reconstruction Finance Corporation. That is the maximum, of course, for which application could be made. But I wanted to leave it in such situation that application could be made and the authority accorded, so that they might perfect the original organization and before they were able to have sufficient numbers in the organization to pay assessments and the like.

Mr. KING. Let me ask the Senator this: Does the amendment provide for a gratuity, or is it a loan?

Mr. JOHNSON. Call it either; I do not care.

Mr. BYRNES. Mr. President, the amendment does provide for assessments upon the bondholders who come to the corporation for the services to be rendered by the corporation.

Mr. JOHNSON. Exactly. I have given authority merely to the Reconstruction Finance Corporation.

Mr. KING. Does not the Senator think that the Reconstruction Finance Corporation should exact of this corporation security for the loans?

Mr. JOHNSON. It might and it might not, but without according it authority to make a loan it could not indulge in a loan at all.

Mr. KING. I understand.

Mr. JOHNSON. So the authority is given. The Reconstruction Finance Corporation, I assume, will protect its funds, and will do whatever it deems appropriate in the premises.

Mr. KING. If the Senator will modify the language, I should be very glad to have him do so. As it is now, it does not provide for a loan at all.

Mr. JOHNSON. It is an authorization of a grant. I will change it in any way the Senator desires, so that we may get the matter into conference. Let us say that "it is hereby authorized to lend", if the Senator desires.

Mr. KING. I suggest the language "lend out of its funds the sum of \$50,000 annually for 3 years for the use of the corporation, upon such security"—

Mr. JOHNSON. There cannot be any security accorded. There is no property which this corporation has. The Senator would add something that could not be done. I am perfectly willing to say that they shall lend it; and, with two governmental agencies, I cannot imagine that there will be the slightest difficulty in ultimate collection; but to say that they can only lend it upon appropriate security would mean that they could not lend it at all.

Mr. KING. Mr. President, I understood the Senator to answer a moment ago that assessments were to be levied upon those who participated in the activities of the corporation, and that from those assessments the expenses of conducting the corporation were to be met.

Mr. JOHNSON. Exactly.

Mr. VANDENBERG. The loans are to be in anticipation of the assessments.

Mr. JOHNSON. Exactly.

Mr. KING. But this is a grant, in the language of the amendment, instead of a loan.

Mr. JOHNSON. Call it a loan if you want to.

Mr. KEAN. Mr. President, this measure applies to the time when the organization is being formed, and before they have the deposit of any securities.

Mr. JOHNSON. Of course.

Mr. KEAN. Therefore, they will have no security to pledge, and so they could not pledge anything. They will have nothing but a board formed, and a few typewriters. That is all they will have.

Mr. JOHNSON. May I say to the Senator from Utah that, if he should like to change the word "grant" to "lend", I have no objection.

Mr. KING. May I ask why this loan or grant must be made for 3 years?

Mr. JOHNSON. It is an arbitrary limit which has been fixed. There is no particular reason for making it 3 any more than 4, or any more than 2.

Mr. KING. Or any more than one, if that will be sufficient to enable them to do the job.

Mr. JOHNSON. The only object was to do what was deemed by the scrivener or the writer of the bill to be the thing that would accomplish the purpose.

Mr. KING. Will the Senator accept an amendment so that the section would read as follows:

The Reconstruction Finance Corporation is hereby authorized to lend, out of its funds, the sum of \$50,000 for the use of the corporation.

Mr. JOHNSON. Make it "annually for 2 years." Let us compromise on that.

Mr. KING. I am assuming that this corporation is a going concern.

Mr. JOHNSON. We are hoping so. It is experimental; there is no question about that. It is empirical in character, but there is a job which ought to be done, and I really think the Senator is in sympathy with it.

Mr. KING. I have in mind this situation. We do not know who will be named for directors.

Mr. JOHNSON. Of course, we do not.

Mr. KING. It is obvious, if we are to judge the future by the past, that these officials when they assume their duties will figure that they are men of great ability, and the \$50,000 will promptly be levied upon and distributed as salaries, and if they can get \$50,000 the next year and \$50,000 the third year, it will all be absorbed.

Mr. JOHNSON. I am willing to concede to the Senator that when a man gets into public office, he is perfectly conscious of his own virtues and his own ability, and, being perfectly conscious of them, he is perfectly certain that everybody else on the face of the earth knows of his ability and his virtues. I will grant that to the Senator. But I cannot agree to the latter part of what he said. If the Senator wants, let us make it, "to lend out of its funds the sum of \$50,000 annually for 2 years."

Mr. KING. I should prefer to make it as I have suggested.

Mr. JOHNSON. What is the use fiddling around?

Mr. KING. It is not fiddling. The taxpayers of the United States will have to pay, and not a penny will ever come back. I suggest this language:

The Reconstruction Finance Corporation is hereby authorized to lend out of its funds not to exceed \$75,000 for the use of the corporation.

Mr. JOHNSON. I will accept that.

Mr. KING. I offer that amendment.

Mr. JOHNSON. I accept it.

The PRESIDING OFFICER. The Senator modifies his amendment to that extent. The question is on agreeing to the amendment of the Senator from California as modified.

The amendment as modified was agreed to.

Mr. FESS. Mr. President, I should like to have the attention of the Chairman of the Committee on Banking and Currency. I have had much correspondence from certain business groups in Ohio regarding the pending bill, making specific recommendations as to changes. I had not an opportunity of studying the bill until today. I think the changes have already been made, and I want to make sure of it.

I have a letter from the Chamber of Commerce of Cleveland urging that the bill be limited to issues in the future rather than to those already outstanding.

Mr. FLETCHER. The bill provides for that. It refers only to future issues, except in the case of fraud.

Mr. FESS. That is cared for, then. Another item to which attention has been called I think has also been cared for. The chamber of commerce suggests that not more than three fourths of the directors or trustees be required to sign the registration statement.

Mr. FLETCHER. The bill provides for that.

Mr. FESS. They ask also, in respect of section 6, that the party who would be a defendant be given a chance for hearing. I think section 6 has already provided for a public hearing.

Mr. FLETCHER. Section 7, on page 45, provides for hearings and appeals.

Mr. FESS. Yes; beginning with line 6. I think that is all taken care of.

Mr. FLETCHER. That is cared for.

Mr. FESS. Another suggestion that has been made is as to the requirement in section 9. The chamber of commerce says:

We feel that it should be limited only to situations in which the signer has personal knowledge of the falsity of the statement.

I cannot find that that is taken care of, that if the statement is proven to be erroneous, in order that action may be sustained it must be shown that the falsity of the statement was known to the person who made it; in other words, that he willfully made a false statement. I have read the bill pretty carefully, and I do not think that matter is taken care of.

Mr. FLETCHER. He would not be liable criminally without willfully and knowingly making a false statement.

Mr. KEAN. But financially, under the bill, he would be liable for everything he had.

Mr. FLETCHER. Liable civilly.

Mr. FESS. Mr. President, before taking my seat I should like to state that I have assumed from the beginning that there would have to be some legislation of this character. When blue sky law legislation was proposed in the several States I was not very favorably impressed with the general proposition. One of the first States to enact such legislation was my own. During the Ohio Constitutional Convention in 1912 the question of blue sky legislation was considered in extenso. It being an innovation, there was tremendous opposition to it on the ground that the formula of business was caveat emptor—"let the buyer beware." We had not then reached the point "let the seller beware", and there was much opposition to the proposal. I, myself, voted for it with considerable trepidation, thinking that it probably was not of importance, and we might be unnecessarily cluttering up the statute books by giving constitutional sanction to that kind of legislation. However, in the 20 years' duration of that legislation in Ohio there have been many prosecutions, which indicates that advantage has often been taken of investors. So the protection of the public from transactions in fraudulent securities seems to have come to be recognized as a proper legislative function.

The present Presiding Officer [Mr. BARKLEY in the chair] knows that while he was a Member of the other House there was much effort on the part of that body to bring about the enactment of a Federal blue sky law. Our friends from Illinois made great efforts for years to have that kind of legislation enacted. I do not think, however, it ever came over to the Senate. I do not now recall that heretofore any effort has been made in the Senate to secure Federal blue sky legislation, but I think that conditions we have observed in the States justify legislation of this character. It should avoid unnecessary obstructions to business; and I think probably this bill does remove the objections of those who, while not opposed to the legislation itself, thought it might provide obstacles that ought not to be thrown in the way of business. As those objections have been removed, I do not see any particular reason why the bill should not



be passed, since the field it embraces was entered upon years ago and such legislation has become general in the States.

I recognize the danger that the Senator from Utah [Mr. KING] has suggested; but what is the use of attempting to withstand the enactment of these proposals? We are in this movement; we are legislating for everything; and I do not know what the limit is to be. At any rate, it is true that there has been advantage taken of the public in security-sale transactions; and I shall go along with the committee in supporting the pending bill.

Mr. KING. Mr. President, I might suggest to the Senator from Ohio if we are dealing with blue sky laws that "the sky is the limit." [Laughter.]

Mr. FESS. That is true.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment as amended.

Mr. FLETCHER. Mr. President, I presume the words "title I" ought to be inserted after line 1, on page 29; and then that preceding the amendment offered by the Senator from California the words "title II" ought to be inserted after line 4, on page 61.

The PRESIDING OFFICER. Without objection, the corrections and amendments will be made. The question now is on the committee amendment as amended.

The committee amendment as amended was agreed to.

The PRESIDING OFFICER. The Chair lays before the Senate House bill 5480.

The Senate, by unanimous consent, proceeded to consider the bill (H.R. 5480) to provide full and fair disclosure of the character of securities sold in interstate and foreign commerce and through the mails, and to prevent frauds in the sale thereof, and for other purposes, which was read twice by its title.

Mr. FLETCHER. I move to strike out all after the enacting clause of the House bill and to insert in lieu thereof the Senate bill as it has been amended.

The PRESIDING OFFICER. The question is on the motion of the Senator from Florida to strike out of the House bill all after the enacting clause and in its place to insert the language of the Senate bill 875 as amended.

Mr. KEAN. Mr. President, will that action preclude further amendments to the Senate bill?

The PRESIDING OFFICER. Technically, from a parliamentary standpoint, the language substituted will still be open to amendment.

Mr. KEAN. I should like to have considered a question in connection with the Senate bill before it shall be finally disposed of.

Mr. ROBINSON of Arkansas. If I may make an inquiry, does the Senator from New Jersey desire to amend the House bill?

Mr. KEAN. No; I desire to amend the Senate bill.

Mr. ROBINSON of Arkansas. But that has already been agreed to.

The PRESIDING OFFICER. The committee amendment, which stood in the same attitude as an original bill so far as amendments are concerned, has already been agreed to as amended. It will be open to further amendment on the motion to substitute the language already agreed to for the provisions of the House bill.

Mr. McNARY. That is the thought I had in mind. It does not preclude the Senator from New Jersey from still offering an amendment.

The PRESIDING OFFICER. Not at all. It still has the status of an amendment. The Senator from Florida has moved that the language of the Senate bill be substituted for the language of the House bill. That leaves it open to amendment at this time; it cannot be amended after the Senate bill shall have been substituted for the House bill.

Mr. SHIPSTEAD. I inquire, Mr. President, if there is an amendment now pending.

The PRESIDING OFFICER. There is not.

Mr. SHIPSTEAD. I send to the desk an amendment and ask that it may be read.

The PRESIDING OFFICER. The amendment offered by the Senator from Minnesota to the amendment will be stated.

The LEGISLATIVE CLERK. On page 54, line 3, after the word "association", it is proposed to insert "farmers' cooperative association as defined in paragraphs 12, 13, and 14, section 103, of the Revenue Act of 1932."

Mr. FLETCHER. Mr. President, I do not believe the farmers' cooperative associations will be issuing securities; but I am inclined to think, if they should do so, they would be glad to have them registered. I do not, however, object to the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Minnesota to the amendment.

The amendment to the amendment was agreed to.

The PRESIDING OFFICER. Does the Senator from New Jersey desire to offer an amendment?

Mr. KEAN. Mr. President, the only question that I should like to call to the attention of the Senate is this: On page 34 of the bill there is a requirement that three fourths of all the directors of a corporation shall sign the registration statement.

This provision is taken from the English Companies Act. Directors under the English Companies Act are really responsible and do the detail work of the corporation. They receive as salary from a thousand to two thousand or three thousand pounds a year. Here, however, we are trying to bind people who receive but \$5 or \$10 a month in the same way that it is proposed to bind men who receive \$10,000 a year. It seems to me that the responsibility of the directors is different in the two cases. Nobody is going to be a director of a corporation if he is compelled to assume a liability, amounting perhaps to \$10,000,000, for something about which he does not know, when he receives perhaps only \$10 a month. I should like to limit the responsibility of the directors so that the bill would apply to them only when they knowingly commit fraud. If they knowingly commit fraud, the greatest penalty the Senate can impose upon them is not too great for me; but to provide when they sign the statement and not knowingly commit fraud that they shall be liable for ten or fifteen million dollars, although they receive fees of but \$10 a month, it seems to be perfectly absurd.

Insistence upon the officers of a corporation signing the statement is perfectly proper. They are in charge of the business; they are responsible for the statement; and, if they make a false statement, they ought to be liable for it; but, in my opinion, that is not true of the directors.

The PRESIDING OFFICER. Has the Senator from New Jersey offered any amendment?

Mr. FLETCHER. Mr. President, let me say that the committee considered the suggestion of the Senator from New Jersey very carefully, and, after considerable discussion about it, agreed, if the public is to be protected, that we had better leave the language as it is. The liability provision reads, in part:

In case any such registration statement shall be false or deceptive in any material respect, any persons acquiring any securities to which such statement relates, either from the original issuer or from any other person, shall have the right to rescind the transaction and to obtain the return, either at law or in equity, of any and all consideration given or paid for any such securities upon the surrender thereof.

That is the liability which everybody signing the registration statement assumes, and I think it ought to remain that way. I think that is the only basis on which we can make the proposed act effective.

Mr. SMITH. Mr. President, may I ask in what part of the bill is the responsibility set forth? I have not had time to study it.

Mr. KEAN. The provision to which I refer is on page 34.

Mr. SMITH. I refer to the responsibility placed upon the directors.

Mr. FLETCHER. That is found on page 50.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Florida.



Mr. KEAN. Mr. President, in order to bring the question directly before the Senate I move, on page 34, line 3, to strike out the words "and the directors, trustees, and managers; or, if there is no board of directors, by the persons or board having the power of management of the person."

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from New Jersey to the amendment.

The amendment to the amendment was rejected.

Mr. SHIPSTEAD. Mr. President, would it be possible to have an explanation of the essential differences between the House bill and the Senate bill as amended?

Mr. FLETCHER. Mr. President, it is a long story, and we have been over it, I will say to the Senator, during his absence. We discussed the differences this morning. It would be quite difficult to point out all the differences. Mainly the purposes and objects of both bills are the same, and they will accomplish very much the same thing. There are some features in the House bill which are not in the Senate bill; for instance, one provision in the House bill is that 30 days must elapse before securities can issue after registration has been made. We think that that ties matters up indefinitely and would operate badly upon all business transactions of this kind.

Then there is another provision about the revocation of the permit. The House bill provides for a stop order instead of a revocation. There is not a great deal of difference in that.

There is another provision in the House bill, section 18, which provides for recognizing all the laws of the different States, which would somewhat complicate matters. We have not that provision in the Senate bill. That was the basis of the minority report of the House. It is not in the Senate bill. In the main the principles and purposes are the same.

The PRESIDING OFFICER. The question is on the motion of the Senator from Florida to substitute the Senate bill as amended for the language of the House bill.

The motion was agreed to.

The PRESIDING OFFICER. The question is, Shall the amendment be engrossed and the bill read a third time?

The amendment was ordered to be engrossed and the bill to be read a third time.

Mr. SHIPSTEAD. Mr. President, has the bill been explained to the Senate?

Mr. COUZENS. Mr. President, it has been explained several times in detail.

The PRESIDING OFFICER. The question is on the third reading and passage of the bill.

The bill was read the third time and passed, as follows:

*Be it enacted, etc., That this act shall be known as the "Securities Act."*

#### TITLE I

Sec. 2. When used in this act the following terms shall, unless the text otherwise indicates, include the following respective meanings:

(a) "Security" shall include any note, stock, bond, debenture, evidence of indebtedness, certificate of interest or participation in a profit-sharing agreement, or right to subscribe to any of the foregoing, any certificate of interest in any oil, gas, or mining lease, any collateral trust certificate, preorganization certificate, or preorganization subscription, any transferable share, investment contract, voting trust certificate, or beneficial interest in title to property, profits, or earnings, any transferable certificate of voting, exchange, subscription, or conversion rights, or any other instrument commonly known as "a security"; including an interim or temporary bond, debenture, note, certificate, or receipt for a security or for subscription to a security: *Provided*, That the term "security" shall not include notes, drafts, bills of exchange, or bankers' acceptances which are commercial paper and arise out of current commercial, agricultural, or industrial transactions or the proceeds of which have been or are to be used for current commercial, agricultural, or industrial purposes.

(b) "Person" shall include a natural person, a corporation, a partnership, an association, a joint-stock company, a trust, a syndicate, and any unincorporated organization. As used herein the term "trust" shall not include a trust created or appointed under or by virtue of a last will and testament or by a court of law or equity or any public charitable trust.

(c) "Sale" or "sell" shall include every disposition, or attempt to dispose, of a security or interest in a security for value. For the purpose of the enforcement of this act only, any security given or delivered with, or as a bonus on account of, any purchase of

securities or any other thing, shall be conclusively presumed to constitute a part of the subject of such purchase. "Sale" or "sell" shall also include a contract to sell, an exchange, an attempt to sell or exchange, an option of sale, purchase, or exchange, a solicitation of a sale or an exchange, a subscription or an offer to sell or exchange, directly or by an agent, or by a circular, letter, advertisement, or otherwise.

(d) "Issuer" shall include every person who issues, has issued, or proposes to issue any security. Any person who acts as a promoter for and on behalf of an individual, corporation, trust, or unincorporated association or partnership of any kind formed or to be formed shall also be deemed to be an issuer.

(e) "Commission" shall mean the Federal Trade Commission.

(f) "Mortgage" shall be deemed to include any trust instrument to secure a debt.

(g) "Territory" shall include Alaska, Hawaii, Puerto Rico, the Philippine Islands, the Panama Canal Zone, the Virgin Islands, and the insular possessions of the United States.

(h) "Interstate commerce" shall include trade or commerce in securities among the several States or between the District of Columbia, or any Territory of the United States and any State, or other Territory, or between any insular possessions or other places under the jurisdiction of the United States, or between any such possession or place and any State or Territory of the United States or the District of Columbia, or within the District of Columbia or any Territory or any insular possession or other place under the jurisdiction of the United States, or between any foreign country and any State, Territory, or the District of Columbia, or any printed, written, or other graphic communication, or any spoken communication or intercourse relating to or in furtherance of the commerce described in this definition.

(i) "Registration statement" (hereinafter called "statement") shall mean the statement required upon application for registration by sections 4 and 5 of this act, together with all documents and other information required therein.

(j) "Underwriter" or "underwriting syndicate", when used with respect to any security, shall include any person, group, or syndicate which has purchased or underwritten or contracted to purchase or underwrite such security, directly or indirectly, from the issuer, or has contracted to act as selling agent for the issuer or assigns, for the purpose of offering for sale or selling or promoting the marketing of such security or any part thereof.

(k) "Dummy" shall mean a person who holds legal or nominal title to any property but is under moral or legal obligation to recognize another as the owner thereof; or a person who has nominal power or authority to act in any capacity but is under moral or legal obligation to act therein in accordance with the direction of another.

Sec. 3. Until securities shall have been registered with the Commission by filing the registration statement hereinafter referred to in accordance with the terms and conditions provided by this act and by the rules and regulations promulgated pursuant thereto, or if such registration has been revoked or suspended as hereinafter provided, it shall be unlawful for—

(a) Any person to make use of the United States mails to sell or offer for sale any such securities in interstate commerce, or to solicit or accept offers to buy such securities in such commerce;

(b) Or for any person to advertise for sale or sell or offer to sell or to solicit or accept an offer to buy any such securities in interstate commerce through the use or medium of any book, magazine, newspaper, or similar publication, or by any circular, advertisement, or printed, written, or other graphic communication or document, or by any spoken communication carried or transmitted through or by such mails or by radio, telegraph, or telephone, or by other means or instruments of transportation or communication, or any of them;

(c) Or for any person to carry or cause to be carried any such securities, in interstate commerce, by any means or instruments of transportation, for the purpose of sale or for delivery after sale, either directly or through the medium of another;

(d) Or for any person to sell or offer for sale or to announce or advertise or deliver in the United States any such securities when the same are securities of a foreign government or a political subdivision thereof.

Sec. 4. All securities heretofore referred to in section 3 of this act shall be registered with the Commission under the terms and conditions hereinafter provided, by filing a registration statement signed by the issuer or issuers, its or their principal executive officers or officers, the principal financial officer or officers, and the directors, trustees, or managers; or, if there is no board of directors, by the persons or board having the power of management of the person, corporation, association, or other entity issuing the said securities: *Provided*, That when such statement relates to securities issued by a foreign government or political subdivision thereof, or by any person residing in or by any corporation or association organized under the laws of any foreign country, it shall be signed by the person or persons negotiating the loan in the United States or territory or acting as the fiscal or selling agent for the sale of such security in the United States or territory or underwriting such security for sale in the United States or territory, and by the principal executive officers, principal financial officers, and the directors or other managing officials of such person or persons.

Any director of a corporation may, in the discretion of the Commission, and upon request before registration, for good cause shown, be excused from signing and swearing to the said statement: *Provided*, That the said statement shall not be deemed to have met the requirements of this act and shall not be received



by the Commission unless it is signed and sworn to by not less than three fourths of the directors. Signatures of all such persons when printed on the said statements shall be presumed to be so printed by authority of the person whose signature is so affixed, and the burden of proof, in the event such authority shall be denied, shall be upon the party denying same. If any signer of any registration statement shall act therein as a "dummy" he shall state after his signature that he signs as a "dummy" and shall state who such signers' principal or principals are. In the case of signature of any registration statement by one who is shown to be a "dummy" for another, such signature shall not be deemed to be valid for the purposes of this act unless and until the principal of the said "dummy" shall also affix his signature to the said statement. The affixing of any signature without the authority of the purported signer shall constitute a violation of this act. Similar statements shall be filed for each subsequent issue of securities, unless otherwise exempted by this act, not covered by the original and succeeding statements.

SEC. 5. (a) The said statement, when relating to a security other than a security issued by a foreign government or political subdivision thereof, shall contain the following information concerning the said securities and the person or other entity issuing them:

(1) The name under which the issuer is doing or intends to do business, the name of the State or other sovereign power under which the issuer is organized and the location of the issuer's principal business office and a statement showing whether authority for the issuance or sale of such security is required by the State or sovereign power in which the issuer is organized and whether authority to issue or sell said security has been granted, refused, or revoked by said State or sovereign power or any other State or sovereign power, together with certified copy of the order or orders granting, refusing, or revoking said authority.

(2) The names and addresses of the promoters, directors, trustees, and officers, if the issuer be a corporation or association or trust; of all partners, if the issuer be a partnership; and the name and address of the issuer.

(3) The purposes of incorporation, if incorporated, and the general character of the business actually transacted or to be transacted by the issuer.

(4) A statement of the capitalization of the issuer, including the authorized and paid-up amounts of its capital stock, the number and classes of shares into which such capital stock is divided, the par value thereof, or if it has no par value, the stated or assigned value thereof; a description of the respective voting rights, preferences, conversion and exchange rights, rights to dividends, profits, or capital of each class, including the retirement and liquidation rights or values thereof; the amount of capital stock of each class issued or to be offered, together with specimen copies of stock certificates of each class; whenever the Commission requires it, the names of all persons owning as much as 1 percent of the stock of said issue with a statement of the number of shares held by each and the beneficial owner thereof when known; the amount of the funded debt, with a description of the date, maturity, and character of such debt, and the security, if any, therefor; a statement, as of a date not more than 90 days prior to the date of filing the registration statement, showing all the assets of the issuer in such detail as the Commission may prescribe (with intangible items segregated), the nature and cost thereof, whenever determinable, and in what form paid, loans to officers and/or directors, and all the liabilities of the issuer in such detail as the Commission may prescribe, including the surplus of the issuer, showing how and from what sources said surplus was created; a statement of the amount of the issuer's earnings and income and the nature and source thereof, and the issuer's expenses and fixed charges, in such detail as the Commission may prescribe, during the preceding 3 fiscal years, or if such issuer has been in actual business for less than 3 fiscal years, then during such lesser period as the issuer has been in actual business; a statement showing in such detail as the Commission may prescribe what the practice of said issuer has been during the said 3-year or lesser period as to the character of the charges made against its various surplus accounts, and as to depreciation, depletion, and maintenance charges, and, if stock dividends or avails from the sale of rights have been credited to income, they shall be shown separately with a statement of the bases upon which the credit is computed; a statement showing the investment in the issuer by the directors thereof; and a statement containing such further pertinent information as the Commission may require.

(5) A detailed statement of the plan upon which the issuer proposes to dispose of the securities offered for registration; the price at which they are offered to the public, the net amount returnable to capital investment, and the net amount received or to be received thereafter by the issuer; the names of the syndicate, if any, underwriting the securities offered for registration; a copy of the security offered or to be offered and, if said security is a bond, note, debenture, or other evidence of indebtedness, a copy of the mortgage, indenture, deed of trust, or other instrument securing or accompanying said security; and a copy of any circular, prospectus, advertisement, or other description of such securities then prepared by or for such issuer or underwriter or by or for the applicant for registration (if the applicant shall not be the issuer) to be used for distribution or publication to the public.

(6) The purpose for which the securities to be offered have been issued or are to be issued a detailed statement showing the items of cost of property, services, patents, goodwill, and any other consideration for which such securities have been or are to be

issued, and the amount of all commissions, discounts, rebates, bonuses, and other considerations paid or issued or to be paid or issued by or to the issuer and by or to all other persons for or in respect of the issue, sale, or offer of the said securities.

(7) The amount of capital stock which is to be set aside and disposed of for services to promoters, if any, and a statement of all stock issued from time to time for services to promoters.

(8) In case of a bond or other instrument of indebtedness, a description of the property by which such bond or other instrument of indebtedness is secured.

(9) If the issuer is a corporation, there shall be filed with the statement a certified copy of its articles of incorporation with all amendments and of its existing bylaws. If the issuer is a trustee there shall be filed with the statement a copy of all instruments by which the trust is created or declared and in which it is accepted and acknowledged. If the issuer is a partnership or an unincorporated association, or joint-stock company, or any other form of organization whatsoever, there shall be filed with the statement a copy of its articles of partnership or association and all other papers pertaining to its organization.

(10) Such additional pertinent information as the Commission may require.

(b) Each statement relating to securities issued by a foreign government or political subdivision thereof shall contain:

(1) Name of borrowing government or subdivision thereof;

(2) Purpose or object of the loan;

(3) Date and terms of the proposed loan;

(4) Date and terms of the underwriting or selling agreement, the names of the members of the underwriting or selling syndicate, all bonuses, discounts, rebates, and commissions paid or to be paid by the borrower and all payments or charges paid or to be paid for the privilege of underwriting or selling the loan or for any other purpose in connection therewith, and the terms of any collateral agreement, arrangement, or understanding, if any, between the underwriters or selling agent or any other person, and the borrower or any officer or agent of the borrower, relating to the said loan;

(5) Security pledged or to be pledged for the loan;

(6) General financial condition of the borrower;

(7) Whether or not the borrower has defaulted within the preceding 25 years on the principal or interest of any other security sold in the United States or other foreign country and, if so, the date, amount, and circumstances;

(8) Proposed method of distributing the securities to be issued under the loan;

(9) Proposed price at which the securities are to be offered to the public in the United States and elsewhere;

(10) Cost thereof to the person, corporation, or association or other entity underwriting, selling, or negotiating the loan and the net amount to be returned to the borrower from the sale of such securities;

(11) Such additional pertinent information as the Commission may require.

(c) All of the statements, exhibits, and documents of every kind required by the Commission under this section, except properly certified public documents, shall be verified by oath in such manner and form as may be required by the Commission.

(d) The filing of the statement specified in subsections (a) and (b) of this section and the payment of the fee hereinafter provided shall constitute formal registration of the security concerned.

(e) At the time of filing the said statement, as hereinbefore prescribed in subsections (a) and (b) of this section, the applicant shall pay to the Commission a fee of one hundredth of 1 percent of the aggregate par value of the securities to be sold and for which the applicant is seeking registration, but in no case shall such fee be less than \$25. In case of stock having no par value the price at which such stock is to be offered to the public shall be deemed to be the par value of such stock.

SEC. 6. The Commission may revoke or suspend the registration of any security by entering an order to that effect if the Commission shall find that any such issuer or any other person who has signed or who is by this act required to sign the registration statement—

(a) Has violated any of the provisions of this act, or any authorized order of the Commission of which such person or issuer has notice, but the burden of proof shall be on the person or persons asserting lack of notice; or

(b) Has been or is engaged or is about to engage in fraudulent transactions, or has filed with the Commission any application, registration, or other statement, or report which is untrue in any material respect or fails to disclose any material information required by section 5 hereof; or

(c) Has made any fraudulent, false, or deceptive representations in any prospectus or in any circular or other literature or communication that has been distributed, or by any other means, concerning such issuer or person or securities registered. Such revocation or suspension shall not apply to any part of an issue of securities that prior to the date of such revocation or suspension shall have been issued, sold, and delivered to a bona-fide purchaser or purchasers for value, without notice, such purchaser or purchasers not being the issuers or underwriters or their agents, representatives, or assigns.

The Commission is hereby directed and empowered to make such examinations and investigations as in its discretion it may deem necessary to the administration or enforcement of this act. In making such examinations or investigations the Commission or any officer or officers designated by it shall at all reasonable



times have access to and may compel the production of all the books and papers of issuers, representatives, or underwriters, or any other person or persons being investigated or proceeded against, or having relevant or pertinent knowledge or information touching the matter in question, and may administer oaths to and examine the officers of such issuers, representatives, underwriters, or other persons connected therewith as to its or their business and affairs and, in addition, the Commission may, in its discretion, require the production of a balance sheet exhibiting the assets and liabilities of any issuer, representative, or underwriter, or its or their income statement, or both.

Whenever the Commission may deem it necessary, it may also require such balance sheet or income statement, or both, to be made more specific in such particulars as the Commission shall point out or to be brought down to the latest practicable date.

If any issuer, representative, underwriter, or other entity shall refuse to permit an examination to be made by the Commission, such refusal shall be proper ground for revocation or suspension of registration.

If the Commission shall deem it necessary, it may enter an order requiring an immediate showing of the right to sell securities, and upon failure of the person in whom such right has been reposed to make a satisfactory showing, and an order entered to that effect, such right shall be suspended. Notice of the entry of such orders may be served by mail, or personally, or by telephone confirmed in writing, or by telegraph.

The issuer or other applicant for registration shall on application to the Commission within 30 days from the entry of an order of revocation or suspension be entitled to a public hearing before the Commission or an examiner of the Commission thereunto duly authorized by it, and appropriate records shall be kept of all such hearings and proceedings. If the issuer or other person fails to make such application for a hearing within 30 days after the entry of the Commission's order, such order shall become final.

Sec. 7. Any person aggrieved by an order of the Commission revoking or suspending the registration of any security may obtain a review of such order in the Circuit Court of Appeals of the United States, within any circuit wherein such person resides or carries on business, or in the Court of Appeals of the District of Columbia, by filing in the court, within 30 days after such order shall become final, a written petition praying that the order of the Commission be set aside. A copy of such petition shall be forthwith served upon the Commission, and thereupon the Commission shall certify and file in the court a transcript of the record upon which the order complained of was entered. Any findings which the Commission may make as to the facts, if supported by evidence, shall be conclusive. Upon said transcript the court shall have the power to make and enter a decree affirming, modifying, or setting aside the order of the Commission. If either party shall apply to the court for leave to adduce additional evidence, and shall show to the satisfaction of the court that such additional evidence is material and that there were reasonable grounds for failure to adduce such evidence in the hearing before the Commission, the court may order such additional evidence to be taken before the Commission and to be adduced upon the hearing in such manner and upon such terms and conditions as to the court may seem proper. The Commission may modify its findings as to the facts by reason of the additional evidence so taken, and it shall file such modified or new findings, which, if supported by the evidence, shall be conclusive, and its recommendation, if any, for the modification or setting aside of the original order, with the return of such additional evidence. The judgment and decree of the court shall be final, except that the same shall be subject to review by the Supreme Court upon certiorari or certification as provided in sections 240 and 348 of the Judicial Code, as amended.

Sec. 8. It shall be unlawful to carry, transmit, or cause to be carried or transmitted, in interstate commerce, by use of the United States mails or by any means or instruments of transportation or communication, any written, printed, or other graphic communication or document, or any radio communication, announcing, offering, or advertising for sale any securities subject to the provisions of this act, unless such communication or document contains the following information concerning the security so offered:

(a) The name of the issuer and names of the underwriting syndicate, if any, amount of capitalization authorized and paid up, location of principal place of business, and, if incorporated, place of incorporation.

(b) A brief description of the security offered, including the amount of the issue, a description of its rights with reference to dividends or fixed returns and voting power and relative position with reference to other outstanding securities having prior rights which must be specified as well as the amount of capital stock and other securities, commissions, discounts, rebates, and bonuses.

(c) The price at which it is offered to the public, the net amount to be returned to capital investment, and the net amount received or to be received thereafter by the issuer, as well as the maximum amount of discount, rebate, commission, or other form of remuneration to be paid in cash or otherwise, directly or indirectly, for or in connection with the sale or offering for sale of such securities.

(d) The owner of the property constituting the basis of the issue.

(e) A statement showing—

(1) The issuer's assets and liabilities.

(2) Profits and losses during year immediately preceding the offering.

(f) A statement to the effect that additional information may be secured from the Federal Trade Commission at Washington, D.C.: *Provided*, That in any case where by reason of limited size of such written, printed, or other graphic or radio communications, it is impracticable to set forth all the foregoing information, there shall be set forth such parts thereof or such other information as the Commission may by rules or regulations prescribe in the interest of the protection of the public and for the prevention of false or deceptive representations in the offer for sale or sale of such securities in interstate commerce or by use of the mails: *Provided further*, That any written, printed, or other graphic communication or document, or any radio communication, announcing, offering, or advertising for sale any securities offered by a foreign government or political subdivision thereof shall contain such information of the character referred to in the registration statement, or such additional information, as the Commission may prescribe by rules or regulations in the interest of the protection of the public and for the prevention of false or deceptive representations in the offer for sale or sale of such securities in interstate commerce or by use of the mails.

The information referred to in this section, when written, printed, or otherwise graphically expressed, shall be placed in a conspicuous part of all communications, documents, or other literature describing or mentioning the securities advertised or offered for sale. Copies of all such written or printed or other graphic communications or documents, as well as transcripts of all radio advertising, referring to the sale of securities subject to the provisions of this section shall, before distribution of such communications to prospective purchasers is begun, be filed with the commission together with a reference to the original registration of the securities so offered.

A statement containing the information required by this section shall also be delivered to each purchaser with the delivery of the security or securities to which it relates, whenever the security is sold by the issuer, or by his or its agents or representatives.

The information required under the provisions of this act contained in all registration or other statements, copies, prospectuses, advertisements, circular letters, and communications, and other documents shall be made available to the public under such regulations as the Commission may prescribe.

Sec. 9. Every person acquiring any securities specified in such statement and offered to the public shall be presumed to rely upon the representations set forth in the said statement. In case any such registration statement shall be false or deceptive in any material respect, any persons acquiring any securities to which such statement relates, either from the original issuer or from any other person, shall have the right to rescind the transaction and to obtain the return, either at law or in equity, of any and all consideration given or paid for any such securities upon the surrender thereof, either from any vendor knowing of such falsity or from the persons signing such statement, jointly or severally. Every person acquiring any security by reason of any false or deceptive representation made in the course of or in connection with a sale or an offer for sale or distribution of such securities shall have the right to recover any and all damages suffered by reason of such acquisition of such securities from the person or persons signing, issuing, using, or causing, directly or indirectly, such false or deceptive representation, jointly or severally: *Provided*, That any suit, action, or proceeding under this section against a corporation or other person may be brought not only in the judicial district whereof such corporation or person is an inhabitant, but also in any district wherein such corporation or person may be found or transacts business, and without respect to the amount in controversy; but no such suit, action, or proceeding shall be brought after the expiration of 5 years after the date of the sale by the issuer or underwriter, except that in the case of a false or deceptive representation made in the course of or in connection with a sale or offer for sale or distribution of such securities, such suit, action, or proceeding shall not be brought after the expiration of 5 years after the date such false or deceptive representation was made. All process in such suits, actions, or proceedings may be served in the district whereof such corporation or person is an inhabitant or wherever such corporation or person may be found. Any condition, stipulation, or provision binding any person acquiring any of the securities offered to the public to waive compliance with any of the provisions of this act, or of the rules and regulations, or of any requirement of the Commission herein provided for, or purporting to affect such person with notice of any contract, document, or matter not specifically referred to in the statement filed with respect to such securities as herein provided, shall be void. The rights and remedies herein provided for shall be in addition to any and all other rights and remedies that may exist at law or in equity.

Sec. 10. It shall be unlawful for any person to represent or cause to be represented to any prospective purchaser, either orally or in any written or printed communication, circular, advertisement, or other literature, that either registration of securities with the Commission or omission by the Commission to revoke or suspend said registration constitutes or is evidence of the Commission's approval or recommendation of such securities.

Sec. 11. Except as hereinafter otherwise expressly provided, the provisions of this act shall not apply to any of the following classes of securities:



(a) Any security issued or guaranteed by the United States or any Territory or insular possession thereof, or by the District of Columbia or by any State of the United States or political subdivision or agency or instrumentality of any State or States.

(b) Any security issued by and representing an interest in or a direct obligation of any common carrier subject to regulation or supervision as to the issue of its securities or its accounts by a commission, board, or officers of the Government of the United States; or any such security issued by any national bank; or by any corporation created and controlled by and acting as an instrumentality of the Government of the United States pursuant to authority granted by the Congress of the United States: *Provided*, That nothing in this act shall relieve any of the organizations mentioned in this subsection from submitting to the respective supervisory units of the Government of the United States, in such manner and form as may be required by the respective units, all information, reports, or other documents that are required under the provisions of section 5 of this act, and such additional information, reports, and documents as are now or may hereafter be required by other acts of Congress or by rules and regulations pursuant thereto of the respective units: *And provided further*, That all such organizations mentioned in this subsection shall nevertheless be required to comply with the provisions of section 8 of this act.

(c) Any security issued by a corporation organized exclusively for religious, educational, benevolent, fraternal, charitable, or reformatory purposes and not for pecuniary profit, and no part of the net earnings of which inures to the benefit of any person, private stockholder, or individual.

(d) Bonds or notes secured by mortgage upon real estate, improved or about to be improved by a residential structure, when the total encumbrances against any single property so mortgaged, including the mortgage securing the bonds and notes exempted by this paragraph, do not exceed \$50,000.

(e) Any security issued by a building and loan association, cooperative bank, homestead association, or savings and loan association, farmers' cooperative associations as defined in paragraphs 12, 13, and 14, section 103 of the Revenue Act of 1932, or any annuity contract or optional annuity contract issued by a corporation and payable in installments: *Provided*, That the foregoing exemption shall not apply with respect to any security or annuity or optional annuity contract issued by any such association, cooperative bank, or corporation which charges in connection with any transaction entrance, admission, or withdrawal fees (including charges for paid-in surplus) exceeding in the aggregate 2 percent of the par value of its securities involved in such transaction, or which sells its securities at a price in excess of their par value, or which issues surplus certificates or like instruments of any kind.

(f) Any securities issued, sold, and delivered to any bona fide purchaser or purchasers, not being the underwriter, selling agent, representative, or assign of the issuer, prior to the date of the approval of this act: *Provided*, That this exemption shall not apply in the case of a sale or offer for sale, by an owner or dealer, through any prospectus, circular, pamphlet, or other advertising medium, of such securities having an aggregate par value (or, if they have no par value, an aggregate stated or assigned value) of more than \$100,000, and whether such sale or offer for sale is made as one transaction or a series of transactions, except that in any such case the registration statement required under this act shall consist of a statement signed by the owner (or, in the case of a sale or offer for sale by a dealer, by the owner and the dealer) containing a copy of such prospectus, circular, pamphlet, or other advertisement, together with the name of the legal and beneficial owners of such securities, and such information affecting or relating to the value of such securities as the Commission may require in the interest of the protection of the public.

(g) Any security issued by or representing an interest in or a direct obligation of any Federal Reserve bank.

Sec. 12. Except as hereinafter otherwise expressly provided, the provisions of this act shall not apply to any of the following transactions:

(a) Judicial, executor's, administrator's, guardian's, or conservator's sale, or any sale by a receiver or trustee in insolvency or bankruptcy.

(b) Sales by or for the account of a pledge holder or mortgagee selling or offering for sale or delivery in the ordinary course of business and not for the purpose of avoiding the provisions of this act, to liquidate a bona fide debt, a security pledged in good faith as collateral for such debt.

(c) Isolated transactions in which any security issued subsequent to the date of approval of this act is sold, or offered for sale, subscription, or delivery by the owner thereof, or by his representative solely for the owner's account, such sale or offer for sale, subscription, or delivery not being made in the course of repeated and successive transactions of a like character by such owner for the purpose of engaging in the purchase and sale of securities as a business, such owner or representative not being the issuer or underwriter of, or selling agent for, such security.

(d) Any preliminary negotiations between the issuers, underwriters, or other persons necessary to preparing an issue of securities for registration under this act or for sale to the public after registration.

Sec. 13. It shall be unlawful for any person, firm, corporation, or other entity, directly or indirectly, in any interstate sale, promotion, negotiation, advertisement, or distribution of any securities willfully to employ any device, scheme, or artifice or to employ

any "dummy", or to act as any such "dummy", with the intent to defraud or to obtain money or property by means of any false pretense, representation, or promise, or to engage in any transaction, practice, or course of business relating to the interstate purchase or sale of any securities which operates or would operate as a fraud upon the purchaser. The director or other person for whom any "dummy" shall act shall be held responsible under this act for any unlawful conduct by such "dummy": *Provided*, That the said "dummy" shall not be deemed discharged from any liability for any unlawful conduct under this act. It shall be unlawful for any person who is a "dummy" for another to sign a registration statement without disclosing his principal or principals.

Whenever it shall appear to the Commission, either upon complaint or otherwise, that the provisions of this section have been or are about to be violated, it may, in its discretion, either require or permit such person, firm, corporation, association, or other entity to file with it a statement in writing, under oath, or otherwise, as to all the facts and circumstances concerning the subject matter which it believes to be in the public interest to investigate, and may investigate such facts. Whenever it shall appear to the Commission that the practices investigated constitute a fraud or an attempt to defraud under the provisions of this section, or that any person is engaged or is about to engage in interstate commerce in securities without complying with the provisions of this act and the rules and regulations promulgated by the Commission pursuant thereto, or in violation of any such provisions, rules, or regulations, the Commission may, in its discretion, bring an action in the proper district court of the United States to enjoin such practices, transactions, or violations, which injunction upon a proper showing shall be granted without bond, and the Commission shall transmit such evidence as may be available concerning the transaction or facts complained of to the Attorney General, who may, in his discretion, institute the necessary criminal proceeding under section 16 of this act. The exemptions contained in sections 11 and 12 of this act shall not apply to the provisions of this section.

Sec. 14. (a) The Commission shall have authority, from time to time, to make, amend, and rescind rules and regulations for the purpose of executing this act. It shall have authority to prescribe forms upon which all statements to be filed as hereinbefore provided shall be made, and to require such further or supplemental data or information as it may deem proper in the public interest to be included in or from time to time filed in conjunction with the said statements. Such rules and regulations shall be effective upon publication in the manner which the Commission shall prescribe.

(b) For the purpose of all investigations or inquiries which, in the opinion of the Commission, are necessary and proper for the enforcement of this act, the Commission and any officer or officers designated by it are empowered to hold hearings, receive evidence, and subpoena witnesses, examine them under oath and require the production of any books, papers, or other documents which the Commission deems relevant or material to the investigation or inquiry. Such attendance of witnesses, and the production of such documentary evidence, may be required from any place in the United States or any Territory, at any designated place of hearing.

Sec. 15. The District Courts of the United States, the District Courts of Alaska, Hawaii, Puerto Rico, Canal Zone, and the Virgin Islands, and the Supreme Court of the District of Columbia shall have jurisdiction of offenses and violations under this act and under the rules and regulations promulgated by the Commission in respect thereto; and of all suits in equity and actions at law brought under this act. Judgments and decrees so rendered shall be subject to review as provided in sections 128 and 240 of the Judicial Code, as amended (U.S.C., title 28, secs. 225 and 345).

In case of contumacy or refusal to obey a subpoena issued to any corporation or other person, any of the courts heretofore named in this section within the jurisdiction of which the corporation or other person guilty of contumacy or refusal to obey resides or carries on business, may issue an order requiring such corporation or other person to appear before the Commission, or one of its examiners designated by it, there to produce documentary evidence if so ordered, or there to give evidence touching the matter in question; and any failure to obey any such order of the court may be punished by said court as a contempt thereof.

Upon application of the Attorney General of the United States, at the request of the Commission, the said courts shall have jurisdiction to issue writs of mandamus commanding any person or corporation to comply with the provisions of this act or any order of the Commission made in pursuance thereof.

Sec. 16. Any person who shall willfully violate any of the provisions of this act, or the rules and regulations promulgated by the Commission pursuant thereto, shall upon conviction be fined not more than \$5,000, or imprisoned not more than 5 years, or both, and any officer, director, or agent, or any corporation who knowingly participates in such violation shall be punished by a like fine or imprisonment, or both.

Sec. 17. The necessary appropriations for the purpose of carrying out the provisions of this act are hereby authorized. All moneys derived from the fees imposed by the provisions of this act shall be paid into the Treasury to the credit of miscellaneous receipts.

Sec. 18. If any provisions of this act, or the application of such provision to any person or circumstance, shall be held invalid, the remainder of this act, or the application of such provisions to



persons or circumstances other than those as to which it is held invalid, shall not be affected thereby.

#### TITLE II

SEC. 201. For the purpose of protecting, conserving, and advancing the interests of the holders of foreign securities in default, there is hereby created a body corporate with the name "Corporation of Foreign Security Holders" (herein called the "Corporation"). The principal office of the Corporation shall be located in the District of Columbia, but there may be established agencies or branch offices in any city or cities of the United States under rules and regulations prescribed by the board of directors.

SEC. 202. The control and management of the Corporation shall be vested in a board of 12 directors, who shall be appointed and hold office in the following manner: As soon as practicable after the date this act takes effect the Commission shall appoint 12 directors, and shall designate a chairman and a vice chairman from among their number. After the directors designated as chairman and vice chairman cease to be directors their successors as chairman and vice chairman shall be elected by the board of directors itself. Of the directors first appointed, four shall continue in office for a term of 2 years, four for a term of 4 years, and four for a term of 6 years from the date this act takes effect, the term of each to be designated by the Commission at the time of appointment. Their successors shall be appointed by the Commission, each for a term of 6 years from the date of the expiration of the term for which his predecessor was appointed, except that any person appointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed shall be appointed only for the unexpired term of such predecessor. No person shall be eligible to serve as a director who within the 5 years preceding has had any interest, direct or indirect, in any corporation, company, partnership, bank, or association which has sold or offered to sell any foreign securities. The office of a director shall be vacated if the board of directors shall at a meeting specially convened for that purpose by resolution passed by a majority of at least three fourths of the board of directors, remove such member from office, provided that the member whom it is proposed to remove shall have 7 days' notice sent to him of such meeting and that he may be heard.

SEC. 203. The Corporation shall have power to adopt, alter, and use a corporate seal; to make contracts; to lease such real estate as may be necessary for the transaction of its business; to sue and be sued, to complain and to defend, in any court of competent jurisdiction, State or Federal; to require from trustees, financial agents, or dealers in foreign securities information relative to the original or present holders of foreign securities and such other information as may be required and to issue subpoenas therefor; to take over the functions of any fiscal and paying agents of any foreign securities in default; to borrow money for the purposes as this title, and to pledge as collateral for such loans any securities deposited with the Corporation pursuant to this title; by and with the consent and approval of the Commission to select, employ, and fix the compensation of officers, directors, members of the committees, employees, attorneys, and agents of the Corporation, without regard to the provisions of other laws applicable to the employment and compensation of officers or employees of the United States; to define their authority and duties, require bonds of them and fix the penalties thereof, and to dismiss at pleasure such officers, employees, attorneys, and agents; and to prescribe, amend, and repeal, by its board of directors, bylaws, rules, and regulations governing the manner in which its general business may be conducted and the powers granted to it by law may be exercised and enjoyed, together with provisions for such committees and the functions thereof as the board of directors may deem necessary for facilitating its business under this title. The board of directors of the Corporation shall determine and prescribe the manner in which its obligations shall be incurred and its expenses allowed and paid.

SEC. 204. The board of directors may—

- (1) Convene meetings of holders of foreign securities.
- (2) Invite the deposit and undertake the custody of foreign securities which have defaulted in the payment either of principal or interest, and issue receipts or certificates in the place of securities so deposited.
- (3) Appoint committees from the directors of the Corporation and bar all other persons to represent holders of any class or classes of foreign securities which have defaulted in the payment either of principal or interest, and determine and regulate the functions of such committees. The chairman and vice chairman of the board of directors shall be ex officio chairman and vice chairman of each committee.
- (4) Negotiate and carry out, or assist in negotiating and carrying out, arrangements for the resumption of payments due or in arrears in respect of any foreign securities in default, or for rearranging the terms on which such securities may in future be held, or for converting and exchanging the same for new securities, or for any other object in relation thereto; and under this paragraph any plan or agreement made with respect to such securities shall be binding upon depositors, providing that the consent of holders resident in the United States of 60 percent of the securities deposited with the Corporation shall be obtained.
- (5) Undertake, superintend, or take part in the collection and application of funds derived from foreign securities which come into the possession of or under the control or management of the Corporation.

(6) Collect, preserve, publish, circulate, and render available in readily accessible form, when deemed essential or necessary, documents, statistics, reports, and information of all kinds in respect of foreign securities, including particularly records of foreign external securities in default and records of the progress made toward the payment of past-due obligations.

(7) Take such steps as it may deem expedient with the view of securing the adoption of clear and simple forms of foreign securities and just and sound principles in the conditions and terms thereof.

(8) Generally, act in the name and on behalf of the holders of foreign securities the care or representation of whose interests may be entrusted to the Corporation; conserve and protect the rights and interests of holders of foreign securities issued, sold, or owned in the United States; adopt measures for the protection, vindication, and preservation or reservation of the rights and interests of holders of foreign securities either on any default in or on breach or contemplated breach of the conditions on which such foreign securities may have been issued, or otherwise; obtain for such holders such legal and other assistance and advice as the board of directors may deem expedient; and do all such other things as are incident or conducive to the attainment of the above objects.

SEC. 205. The board of directors shall cause accounts to be kept of all matters relating to or connected with the transactions and business of the Corporation, and cause a general account and balance sheet of the Corporation to be made out in each year, and cause all accounts to be audited by one or more auditors who shall examine the same and report thereon to the board of directors.

SEC. 206. The Corporation shall make, print, and make public an annual report of its operations during each year, send a copy thereof, together with a copy of the account and balance sheet and auditor's report, to the Commission and to both Houses of Congress, and provide one copy of such report but not more than one on the application of any person and on receipt of a sum not exceeding \$1: *Provided*, That the board of directors in its discretion may distribute copies gratuitously.

SEC. 207. The Corporation may in its discretion levy charges, assessed on a prorata basis, on the holders of foreign securities deposited with it: *Provided*, That any charge levied at the time of depositing securities with the Corporation shall not exceed one fifth of 1 percent of the face value of such securities: *Provided further*, That any additional charges shall bear a close relationship to the cost of operations and negotiations, including those enumerated in sections 203 and 204, and shall not exceed 1 percent of the face value of such securities.

SEC. 208. The Corporation may receive subscriptions from any person, foundation with a public purpose, or agency of the United States Government, and except that such subscriptions may, in the discretion of the board of directors, be treated as loans repayable when and as the board of directors shall determine.

SEC. 209. The Reconstruction Finance Corporation is hereby authorized to loan out of its funds not to exceed \$75,000 for the use of the Corporation.

SEC. 210. This title may be cited as the "Corporation of Foreign Bondholders Act, 1933."

SEC. 19. This act shall take effect 90 days after its approval.

The PRESIDING OFFICER. Does the Senator from Florida desire the title of the bill changed in accordance with the language of the Senate text?

Mr. FLETCHER. I have no objection to using the House title.

The PRESIDING OFFICER. Without objection, the Senate bill (S. 875) to provide for the furnishing of information and supervision of traffic in investment securities in interstate commerce will be indefinitely postponed.

Mr. FLETCHER. Mr. President, I move that the Senate insist upon its amendment, ask for a conference with the House on the bill and amendment, and that the Chair appoint conferees.

The motion was agreed to; and the Presiding Officer appointed Mr. FLETCHER, Mr. GLASS, Mr. WAGNER, Mr. NORBECK, and Mr. GOLDSBOROUGH conferees on the part of the Senate.

#### RADIO DECISION BY UNITED STATES SUPREME COURT

Mr. WHITE. Mr. President, during the last session the senior Senator from Washington [Mr. DILL] made some reference on the floor to a decision of the Court of Appeals of the District of Columbia in a radio case. I also on the floor made reference to the same case. The Supreme Court of the United States has just handed down a decision determinative of the issues involved in that case. The decision is of so much importance to those interested in radio communication that I ask that it may be printed in the Record.

There being no objection, the decision was ordered to be printed in the RECORD, as follows:



## SUPREME COURT OF THE UNITED STATES

Nos. 657, 658, 659, and 660—October term 1932

(657) FEDERAL RADIO COMMISSION, PETITIONER, *v.* NELSON BROS. BOND & MORTGAGE CO. (STATION WIBO). (658) FEDERAL RADIO COMMISSION, PETITIONER, *v.* NORTH SHORE CHURCH (STATION WPCC). (659) FEDERAL RADIO COMMISSION AND JOHNSON-KENNEDY RADIO CORPORATION (STATION WJKS), PETITIONERS, *v.* NELSON BROS. BOND & MORTGAGE CO. (STATION WIBO). (660) FEDERAL RADIO COMMISSION AND JOHNSON-KENNEDY RADIO CORPORATION (STATION WJKS), PETITIONERS, *v.* NORTH SHORE CHURCH (STATION WPCC). ON WRITS OF CERTIORARI TO THE COURT OF APPEALS OF THE DISTRICT OF COLUMBIA

Mr. Chief Justice Hughes delivered the opinion of the Court.

The Johnson-Kennedy Radio Corporation, owning station WJKS at Gary, Ind., applied to the Federal Radio Commission for modification of license so as to permit operation, with unlimited time, on the frequency of 560 kilocycles, then assigned for the use of station WIBO, owned by Nelson Bros. Bond & Mortgage Co., and station WPCC, owned by the North Shore Church, both at Chicago, Ill. These owners appeared before the chief examiner who, after taking voluminous testimony, recommended that the application be denied. The applicant filed exceptions and, on consideration of the evidence, the Commission granted the application and directed a modified license to issue to the applicant authorizing the operation of station WJKS on the frequency of 560 kilocycles and terminating the existing licenses theretofore issued for stations WIBO and WPCC. On appeal, the Court of Appeals of the District of Columbia reversed the Commission's decision upon the ground that it was "in a legal sense arbitrary and capricious" (62 F. (2d) 854). This Court granted certiorari (288 U.S. —).

The action of the Commission was taken under section 9 of the Radio Act of 1927 (c. 169, 44 Stat. 1166), as amended by section 5 of the act of March 28, 1928 (ch. 263, 45 Stat. 373; 47 U.S.C. 89). The findings of fact upon which the Commission based its order included the following:

"Gary, Ind., about 30 miles from Chicago, is the largest steel center in the world. It has a population of approximately 110,000 and is located in what is known as the Calumet region which has a population of about 800,000, 60 percent of whom are foreign born and represent over 50 nationalities. Station WJKS is the only radio station in Gary, and the programs it broadcasts are well designed to meet the needs of the foreign population. These programs include 'broadcasts for Hungarian, Italian, Mexican, Spanish, German, Russian, Polish, Croatian, Lithuanian, Scotch, and Irish people', and 'are musical, educational, and instructive in their nature and stress loyalty to the community and the Nation.' Programs are arranged and supervised 'to stimulate community and racial origin pride and rivalry and to instruct in citizenship and American ideals and responsibilities.' 'Special accident prevention talks' are given for workmen, explaining the application of new safeguards of various types of machinery used in the steel mills. The children's hour utilizes selections from various schools. There are 'good-citizenship talks' weekly by civic leaders. The facilities of the station are made available to the local police department and to all fraternal, charitable, and religious organizations in the Calumet region, without charge. Sunday programs consist mainly 'of church service broadcasts' including all churches and denominations desiring to participate. Although the Calumet area is served by a station at Fort Wayne and by several stations in Chicago, station WJKS 'is the only station which serves a substantial portion of the area with excellent or even good service.' While station WJKS 'delivers a signal of sufficient strength to give good reception in its normal service area if not interfered with, heterodyne and cross-talk interference exist to within 3 miles of the transmitter and constant

<sup>1</sup>Section 5 of the act of March 28, 1928 (45 Stat. 373), is as follows:

"Sec. 5. The second paragraph of section 9 of the Radio Act of 1927 is amended to read as follows:

"It is hereby declared that the people of all the zones established by section 2 of this act are entitled to equality of radio broadcasting service, both of transmission and of reception, and in order to provide said equality the licensing authority shall as nearly as possible make and maintain an equal allocation of broadcasting licenses, of bands of frequency or wave lengths, of periods of time for operation, and of station power, to each of said zones when and insofar as there are applications therefor; and shall make a fair and equitable allocation of licenses, wave lengths, time for operation, and station power to each of the States, the District of Columbia, the Territories, and possessions of the United States within each zone, according to population. The licensing authority shall carry into effect the equality of broadcasting service hereinbefore directed, whenever necessary or proper, by granting or refusing licenses or renewals of licenses, by changing periods of time for operation, and by increasing or decreasing station power, when applications are made for licenses or renewals of licenses: *Provided*, That if and when there is a lack of applications from any zone for the proportionate share of licenses, wave lengths, time of operation, or station power to which such zone is entitled, the licensing authority may issue licenses for the balance of the proportion not applied for from any zone, to applicants from other zones for a temporary period of 90 days each, and shall specifically designate that said apportionment is only for said temporary period. Allocations shall be charged to the State, District, Territory, or possession wherein the studio of the station is located and not where the transmitter is located."

objection to interference is found in the good-service area of the station, particularly to the south, southeast, and east.' This interference has increased during the past 2 years.

"Station WIBO is operated by Nelson Bros. Bond & Mortgage Co. separately from its mortgage and real-estate business. It employs 55 persons, and its total monthly expenses average \$17,000. In March 1931 it earned a net profit of \$9,000. It represents a total cost of \$346,362.99, less a reserve for depreciation of \$54,627.36, and has been operated since April 1925. Station WIBO was licensed to share time with station WPCC, the latter being authorized to operate on Sundays during stated hours and by agreement has operated on certain week days in exchange for Sunday hours.

"The licenses for stations WIBO and WPCC, effective from September 1, 1931, to March 1, 1932, were issued upon the following condition: 'This license is issued on a temporary basis and subject to such action as the Commission may take after hearing on the application filed by station WJKS, Gary, Ind., for the frequency 560 kilocycles. No authority contained herein shall be construed as a finding by the Federal Radio Commission that the operation of this station is or will be in the public interest beyond the term hereof.'

"The programs broadcast by station WIBO include a large number of chain programs originating in the National Broadcasting Network, and are almost entirely commercial in their nature. The same general type of programs broadcast by WIBO, including National Broadcasting Chain programs, are received in the service area of WIBO from many other stations located in the Chicago district.

"Station WPCC, owned by the North Shore Church, has programs made up entirely of sermons, religious music, and talks relating to the work and interests of the church. Contributions are solicited for the use of the church and to advance the matters in which it is interested; it is not used by other denominations or societies. 'Other stations in Chicago, including WMBI, owned by the Moody Bible Institute, devoting more time to programs of a religious nature than WPCC, are received in the service area of that station.'

"The State of Indiana is 2.08 units, or 22 percent, under quota in station assignments, and the State of Illinois is 12.49 units, or 55 percent over quota in such assignments. The fourth zone, in which both States are located, is 21 units, or 26 percent, over quota in station assignments. The granting of this application and deletion of WIBO and WPCC would reduce the over-quota status of the State of Illinois and the fourth zone by 0.88 unit and 0.45 unit, respectively, and would increase the quota of Indiana by 0.43 unit."

"Summarizing the grounds of its decision, the Commission found:

"1. The applicant station (WJKS) now renders an excellent public service in the Calumet region, and the granting of this application would enable that station to further extend and enlarge upon that service.

"2. The deletion of stations WIBO and WPCC would not deprive the persons within the service areas of those stations of any type of programs not now received from other stations.

"3. Objectionable interference is now experienced within the service area of WJKS through the operation of other stations on the same and adjacent frequencies.

"4. The granting of this application and deletion of stations WIBO and WPCC would not increase interference within the good service areas of any other stations.

"5. The granting of this application and deletion of stations WIBO and WPCC would work a more equitable distribution of broadcasting facilities within the fourth zone, in that there would be an increase in the radio broadcasting facilities of Indiana which is now assigned less than its share of such facilities and a decrease in the radio broadcasting facilities of Illinois which is now assigned more than its share of such facilities.

"6. Public interest, convenience, and/or necessity would be served by the granting of this application."

The court of appeals was divided in opinion. The majority pointed out that the court had repeatedly held that "it would not be consistent with the legislative policy to equalize the comparative broadcasting facilities of the various States or zones by unnecessarily injuring stations already established which are rendering valuable service to their natural service areas"; and they were of opinion that the evidence showed that stations WIBO and WPCC had been "serving public interest, convenience, and necessity certainly to as great an extent as the applicant station" and that "the conclusively established and admitted facts" furnished no legal basis for the commission's decision. The minority of the court took the view that the court was substituting its own conclusions for those of the commission, that the commission had acted within its authority, and that its findings were sustained by the evidence.

First Respondents challenge the jurisdiction of this court. They insist that the decision of the court of appeals is not a "judicial judgment"; that, for the purpose of the appeal to it, the Court of Appeals is merely a part of the machinery of the Radio Commission and that the decision of the court is an administrative decision. Respondents further insist that if this court examines the record, its decision "would not be a judgment, or permit of a judgment to be made in any lower court, but would permit only consummation of the administrative function of issuing or withholding a permit to operate the station."

Under section 16 of the Radio Act of 1927, the court of appeals, on appeal from decisions of the Radio Commission, was directed



to "hear, review, and determine the appeal" upon the record made before the commission, and upon such additional evidence as the court might receive, and was empowered to "alter or revise the decision appealed from and enter such judgment as to it may seem just" (44 Stat. 1169). This provision made the court "a superior and revising agency" in the administrative field and consequently its decision was not a judicial judgment reviewable by this court. (*Federal Radio Commission v. General Electric Co.*, 281 U.S. 464, 467.) The province of the court of appeals was found to be substantially the same as that which it had, until recently, on appeals from administrative decisions of the Commissioner of Patents. While the Congress can confer upon the courts of the District of Columbia such administrative authority, this court cannot be invested with jurisdiction of that character whether for the purpose of review or otherwise. It cannot give decisions which are merely advisory, nor can it exercise functions which are essentially legislative or administrative. (*Id.*, pp. 468, 469; *Keller v. Potomac Electric Power Co.*, 261 U.S. 428, 442-444; *Postum Cereal Co. v. California Fig Nut Co.*, 272 U.S. 693, 700.)

In the light of the decision in the General Electric case, supra, the Congress, by the act of July 1, 1930, chapter 788, amended section 16 of the Radio Act of 1927 so as to limit the review by the court of appeals (46 Stat. 844; 47 U.S.C. 96).<sup>2</sup> That review is now expressly limited to "questions of law" and it is provided "that findings of fact by the Commission, if supported by substantial evidence, shall be conclusive unless it shall clearly appear that the findings of the Commission are arbitrary or capricious." This limitation is in sharp contrast with the previous grant of authority. No longer is the court entitled to revise the Commission's decision and to enter such judgment as the court may think just. The limitation manifestly demands judicial, as distinguished from administrative, review. Questions of law form the appropriate subject of judicial determinations. Dealing with activities admittedly within its regulatory power, the Congress established the Commission as its instrumentality to provide continuous and expert supervision and to exercise the administrative judgment essential in applying legislative standards to a host of instances. These standards the Congress prescribed. The powers of the Commission were defined, and definition is limitation. Whether the Commission applies the legislative standards validly set up, whether it acts within the authority conferred or goes beyond it, whether its proceedings satisfy the pertinent demands of due process, whether, in short, there is compliance with the legal requirements which fix the province of the Commission and govern its action, are appropriate questions for judicial decision. These are questions of law upon which the court is to pass. The provision that the Commission's findings of fact, if supported by substantial evidence, shall be conclusive unless it clearly appears that the findings are arbitrary or capricious, cannot be regarded as an attempt to vest in the court an authority to revise the action of the Commission from an administrative standpoint and to make an administrative judgment. A finding without substantial evidence to support it—an arbitrary or capricious finding—does violence to the law. It is without the sanction of the authority conferred. And an inquiry into the facts before the Commission, in order to ascertain whether its findings are thus vitiated, belongs to the judicial province and does not trench upon, or involve the exercise of, administrative authority. Such an examination is not concerned with the weight of evidence or with the wisdom or expediency of the administrative action. (*Interstate Commerce Commission v. Illinois Central R.R. Co.*, 215 U.S. 452, 470; *Interstate Commerce Commission v. Union Pacific R.R. Co.*, 222 U.S. 541, 547, 548; *New England Divisions Case*, 261 U.S. 184, 203, 204; *Keller v. Potomac Electric Power Co.*, supra; *The Chicago Junction Case*, 264 U.S. 258, 263, 265; *Silberschein v. United States*, 266 U.S. 221, 225; *Ma-King Products Co. v. Blair*, 271 U.S. 479, 483; *Federal Trade Commission v. Klesner*, 280 U.S. 19, 30; *Tagg Bros. v. United States*, 280 U.S. 420, 442; *Federal Trade Commission v. Raladam Co.*, 283 U.S. 643, 654; *Crowell v. Benson*, 285 U.S. 22, 49, 50.)

<sup>2</sup> By this amendment, sec. 16 (d) reads as follows:

"At the earliest convenient time the court shall hear and determine the appeal upon the record before it, and shall have power, upon such record, to enter a judgment affirming or reversing the decision of the Commission, and, in event the court shall render a decision and enter an order reversing the decision of the Commission, it shall remand the case to the commission to carry out the judgment of the court: *Provided, however*, That the review by the court shall be limited to questions of law and that findings of fact by the Commission, if supported by substantial evidence, shall be conclusive unless it shall clearly appear that the findings of the commission are arbitrary or capricious. The court's judgment shall be final, subject, however, to review by the Supreme Court of the United States upon writ of certiorari on petition therefor under sec. 347 of title 28 of the Judicial Code by appellant, by the Commission, or by any interested party intervening in the appeal" (46 Stat. 844; 47 U.S.C. 96).

In reporting this amendment, the Committee on the Merchant Marine and Fisheries of the House of Representatives stated: "The purpose of the amendment is to clarify the procedure on appeal to the court from decisions of the Federal Radio Commission, to more clearly define the scope of the subject matter of such appeals, and to insure a review of the decision of the Court of Appeals of the District of Columbia by the Supreme Court" (H.Rept. No. 1665, 71st Cong., 2d sess., p. 2).

If the questions of law thus presented were brought before the Court by suit to restrain the enforcement of an invalid administrative order there could be no question as to the judicial character of the proceeding. But that character is not altered by the mere fact that remedy is afforded by appeal. The controlling question is whether the function to be exercised by the Court is a judicial function; and if so, it may be exercised on an authorized appeal from the decision of an administrative body. We must not "be misled by a name but look to the substance and intent of the proceeding". (*United States v. Ritchie*, 17 How. 525, 534; *Stephens v. Cherokee Nation*, 174 U.S. 445, 479; *Federal Trade Commission v. Eastman Co.*, 274 U.S. 619, 623; *Old Colony Trust Co. v. Commissioner*, 279 U.S. 716, 722-724.) "It is not important", we said in *Old Colony Trust Co. v. Commissioner*, supra, "whether such a proceeding was originally begun by an administrative or executive determination, if when it comes to the court, whether legislative or constitutional, it calls for the exercise of only the judicial power of the court upon which jurisdiction has been conferred by law." Nor is it necessary that the proceeding to be judicial should be one entirely de novo. When on the appeal, as here provided, the parties come before the court of appeals to obtain its decision upon the legal question whether the Commission has acted within the limits of its authority and to have their rights, as established by law, determined accordingly, there is a case or controversy which is the appropriate subject of the exercise of judicial power. The provision that in case the Court reverses the decision of the Commission "it shall remand the case to the Commission to carry out the judgment of the Court" means no more than that the Commission in its further action is to respect and follow the Court's determination of the questions of law. The procedure thus contemplates a judicial judgment by the court of appeals, and this Court has jurisdiction, on certiorari, to review that judgment in order to determine whether or not it is erroneous. (*Osborn v. United States Bank*, 9 Wheat. 738, 819; *In re Pacific Railway Commission*, 32 Fed. 241, 255; *Federal Trade Commission v. Klesner*, supra; *Federal Trade Commission v. Raladam Co.*, supra; *Old Colony Trust Co. v. Commissioner*, supra.)

Second. In this aspect, the questions presented are (1) whether the Commission, in making allocations of frequencies or wave lengths to States within a zone has power to license operation by a station in an "under-quota" State on a frequency theretofore assigned to a station in an "over-quota" State and to terminate the license of the latter station; (2) whether, if the Commission has this power, its findings of fact sustain its order in the instant case, in the light of the statutory requirements for the exercise of the power; and if so, whether these findings are supported by substantial evidence; and (3) whether, in its procedure, the Commission denied to the respondents any substantial right.

1. No question is presented as to the power of the Congress, in its regulation of interstate commerce, to regulate radio communications. No State lines divide the radio waves, and national regulation is not only appropriate but essential to the efficient use of radio facilities. In view of the limited number of available broadcasting frequencies, the Congress has authorized allocation and licenses. The Commission has been set up as the licensing authority and invested with broad powers of distribution in order to secure a reasonable equality of opportunity in radio transmission and reception.

The Radio Act divides the United States into five zones, and Illinois and Indiana are in the fourth zone. (Sec. 2, 47 U.S.C. 82.) Except as otherwise provided in the act, the Commission "from time to time, as public convenience, interest, or necessity requires", is directed to "assign bands of frequency or wave lengths to the various classes of stations and assign frequencies or wave lengths for each individual station and determine the power which each station shall use and the time during which it may operate", and to "determine the location of classes of stations or individual stations." (Sec. 4 (c) (d), 47 U.S.C. 84.) By section 9, as amended in 1928, the Congress declared that the people of all the zones "are entitled to equality of radio broadcasting service, both of transmission and of reception", and that "in order to provide said equality the licensing authority shall as nearly as possible make and maintain an equal allocation of broadcasting licenses, of bands of frequency or wave lengths, of periods of time for operation, and of station power to each of said zones when and insofar as there are applications therefor"; and the Commission is further directed to "make a fair and equitable allocation of licenses, wave lengths, time for operation, and station power to each of the States, \* \* \* within each zone, according to population"; and the Commission is to "carry into effect the equality of broadcasting service, \* \* \* whenever necessary or proper, by granting or refusing licenses or renewals of licenses, by changing periods of time for operation and by increasing or decreasing station power when applications are made for licenses or renewals of licenses." (Sec. 9, 47 U.S.C. 89.)

By its General Order No. 40, of August 30, 1928<sup>4</sup> the Commission established a basis for the equitable distribution of broadcasting facilities in accordance with the act. That order, as amended, provided for the required apportionment by setting aside a certain number of frequencies for use by stations operating on clear channels for distant service, and other frequencies for simultaneous use by stations operating in different zones, each station serving a regional area, and still others for use by stations serving

<sup>3</sup> See note 1.

<sup>4</sup> Report, 1928, Federal Radio Commission, pp. 17, 48.



city or local areas. These three classes of stations have become known as "clear, regional, and local channel stations." A new allocation of frequencies, power, and hours of operation was made in November 1928,<sup>5</sup> to conform to the prescribed classification. It was found to be impracticable to determine the total value of the three classes of assignments so that it could be ascertained whether a State was actually "under or over quota on total radio facilities", and the Commission developed a "unit system" in order "to evaluate stations, based on type of channel, power, and hours of operation, and all other considerations required by law." In June 1930 the Commission issued its General Order No. 92,<sup>6</sup> specifying the "unit value" of stations of various types, and in this way the Commission was able to make a tabulation by zones and States showing the "units due", based on estimated population, and the "units assigned." This action called for administrative judgment, and no ground is shown for assailing it. It appears that, with respect to total broadcasting facilities, Indiana is "under quota" and Illinois is "over quota" in station assignments.

Respondents contend that the Commission has departed from the principle set forth in its General Order No. 92, because it has ignored the fact that, both Indiana and Illinois being under quota in regional station assignments, Indiana has more of such assignments in proportion to its quota than has Illinois, and by ordering the deletion of regional stations in Illinois in favor of an Indiana station, the Commission has violated the command of Congress by increasing the under-quota condition of Illinois in favor of the already superior condition of Indiana with respect to stations of that type. We find in the act no command with the import upon which respondents insist. The command is that there shall be a "fair and equitable allocation of licenses, wave lengths, time for operation, and station power to each of the States within each zone." It cannot be said that this demanded equality between States with respect to every type of station. Nor does it appear that the Commission ignored any of the facts shown by the evidence. The fact that there was a disparity in regional station assignments, and that Indiana had more of this type than Illinois could not be regarded as controlling. In making its "fair and equitable allocations" the Commission was entitled and required to consider all the broadcasting facilities assigned to the respective States, and all the advantages thereby enjoyed, and to determine whether, in view of all the circumstances of distribution, a more equitable adjustment would be effected by the granting of the application of station WJKS and the deletion of stations WIBO and WPCC.

To accomplish its purpose the statute authorized the Commission to effect the desired adjustment "by granting or refusing licenses or renewals of licenses by changing periods of time for operation, and by increasing or decreasing station power." This broad authority plainly extended to the deletion of existing stations if that course was found to be necessary to produce an equitable result. The context, as already observed, shows clearly that the Congress did not authorize the Commission to act arbitrarily or capriciously in making a redistribution, but only in a reasonable manner to attain a legitimate end. That the Congress had the power to give this authority to delete stations, in view of the limited radio facilities available and the confusion that would result from interferences, is not open to question. Those who operated broadcasting stations had no right superior to the exercise of this power of regulation. They necessarily made their investments and their contracts in the light of and subject to this paramount authority. This Court has had frequent occasion to observe that the power of Congress in the regulation of interstate commerce is not fettered by the necessity of maintaining existing arrangements which would conflict with the execution of its policy, as such a restriction would place the regulation in the hands of private individuals and withdraw from the control of Congress so much of the field as they might choose by prophetic discernment to bring within the range of their enterprises. (*Union Bridge Co. v. United States*, 204 U.S. 364, 400, 401; *Philadelphia Co. v. Stimson*, 223 U.S. 605, 634, 638; *Philadelphia, Baltimore & Washington R. R. Co. v. Schubert*, 224 U.S. 603, 613, 614; *Greenleaf Lumber Co. v. Garrison*, 237 U.S. 251, 260; *Continental Insurance Co. v. United States*, 259 U.S. 156, 171; *Sproles v. Binford*, 286 U.S. 374, 390, 391; *Stephenson v. Binford*, 287 U.S. 251, 276; *City of New York v. Federal Radio Commission*, 36 F. (2d) 115; 281 U.S. 729; *American Bond & Mortgage Co. v. United States*, 52 F. (2d) 318; 285 U.S. 538; *Trinity Methodist Church South v. Federal Radio Commission*, 62 F. (2d) 850; 288 U.S. —.)

Respondents urge that the Commission has misconstrued the act of Congress by apparently treating allocation between States within a zone as subject to the mandatory direction of the Congress relating to the zones themselves. Respondents say that as to zones Congress requires an "equal" allocation, but as between States only "a fair and equitable" allocation, and that the provision "for granting or refusing licenses or renewals of licenses" relates to the former and not to the latter. It is urged that this construction is fortified by the proviso in section 9 as to temporary permits for zones.<sup>7</sup> We think that this attempted distinction is without basis. The Congress was not seeking in either case

"an exact mathematical division."<sup>8</sup> It was recognized that this might be physically impossible. The equality sought was not a mere matter of geographical delimitation. The concern of the Congress was with the interests of the people—that they might have a reasonable equality of opportunity in radio transmission and reception, and this involved an equitable distribution not only as between zones but as between States as well. And to construe the authority conferred, in relation to the deletion of stations, as being applicable only to an apportionment between zones and not between States, would defeat the manifest purpose of the act.

We conclude that the Commission, in making allocations of frequencies to States within a zone, has the power to license operation by a station in an under-quota State on a frequency theretofore assigned to a station in an over-quota State, provided the Commission does not act arbitrarily or capriciously.

(2) Respondents contend that the deletion of their stations was arbitrary in that they were giving good service, that they had not failed to comply with any of the regulations of the Commission, and that no proceeding had been instituted for the revocation of their licenses as provided in section 14 of the act (47 U.S.C. 94). That section permits revocation of particular licenses by reason of false statements or for failure to operate as the license required or to observe any of the restrictions and conditions imposed by law or by the Commission's regulations. There is, respondents say, no warrant in the act for a "forfeiture" such as that here attempted. But the question here is not with respect to revocation under section 14, but as to the equitable adjustment of allocations demanded by section 9. The question is not simply as to the service rendered by particular stations, independently considered, but as to relative facilities—the apportionment as between States. At the time of the proceeding in question respondents were operating under licenses running from September 1, 1931, to March 1, 1932, and which provided in terms that they were issued "on a temporary basis and subject to such action as the Commission may take after hearing on the application filed by station WJKS" for the frequency 560 kilocycles. Charged with the duty of making an equitable distribution as between States it was appropriate for the Commission to issue temporary licenses with such a reservation in order to preserve its freedom to act in the light of its decision on that application. And when decision was reached there was nothing either in the provisions of section 14 or otherwise in the act which precluded the Commission from terminating the licenses in accordance with the reservation stipulated.

In granting licenses the Commission is required to act "as public convenience, interest, or necessity requires." This criterion is not to be interpreted as setting up a standard so indefinite as to confer an unlimited power. (*Compare N. Y. Central securities Co. v. United States*, 287 U.S. 12, 24.) The requirement is to be interpreted by its context, by the nature of radio transmission and reception, by the scope, character, and quality of services, and, where an equitable adjustment between States is in view, by the relative advantages in service which will be enjoyed by the public through the distribution of facilities. In making such an adjustment the equities of existing stations undoubtedly demand consideration. They are not to be the victims of official favoritism. But the weight of the evidence as to these equities and all other pertinent facts is for the determination of the Commission in exercising its authority to make a "fair and equitable allocation."

In the instant case the Commission was entitled to consider the advantages enjoyed by the people of Illinois under the assignments to that State, the services rendered by the respective stations, the reasonable demands of the people of Indiana, and the special requirements of radio service at Gary. The Commission's findings show that all these matters were considered. Respondents say that there had been no material change in conditions since the general reallocation of 1928. But the Commission was not bound to maintain that allocation if it appeared that a fair and equitable distribution made a change necessary. Complaint is also made that the Commission did not adopt the recommendations of its examiner. But the Commission had the responsibility of decision and was not only at liberty but was required to reach its own conclusions upon the evidence.

We are of the opinion that the Commission's findings of fact, which we summarized at the outset, support its decision, and an examination of the record leaves no room for doubt that these findings rest upon substantial evidence.

(3) Respondents raise a further question with respect to the procedure adopted by the Commission. In January 1931 the Commission issued its General Order No. 102<sup>9</sup> relating to applications from underquota States. This order provided, among other things, that "applications from underquota States in zones which have already allocated to them their pro rata share of radio facilities should be for a facility already in use in that zone by an overquota State", and that, since the Commission had allocated frequencies for the different classes of stations, "applications should be for frequencies set aside by the Commission for the character of station applied for." Respondents insist that these requirements foreclosed the exercise of discretion by the Commission by permitting the applicant to select the station and the facilities which it desired; that this "naked action of the applicant" precluded the Commission from "giving general considera-

<sup>5</sup> Id., pp. 18, 215-218.

<sup>6</sup> Report, 1930, Federal Radio Commission, pp. 4, 24.

<sup>7</sup> See note 1.

<sup>8</sup> Report of the Committee on the Merchant Marine and Fisheries (H.Rept. 800, 70th Cong., 1st sess., p. 3).

<sup>9</sup> Report, 1931, Federal Radio Commission, p. 91.



tion to the field" and from making that fair and equitable allocation which is the primary command of the statute. We think that this argument misconstrues General Order No. 102. That order is merely a rule of procedural convenience, requiring the applicant to frame a precise proposal and thus to present a definite issue. The order in no way derogates from the authority of the Commission. While it required the applicant to state the facilities it desires, there was nothing to prevent respondents from contesting the applicant's demand upon the ground that other facilities were available and should be granted in place of those which the applicant designated. If such a contention had been made, there would have been no difficulty in bringing before the Commission other stations whose interests might be drawn in question. There is no showing that the respondents were prejudiced by the operation of the order in question.

Respondents complain that they were not heard in argument before the Commission. They were heard before the examiner, and the evidence they offered was considered by the Commission. The exceptions filed by the applicant to the examiner's report were filed and served upon the respondents in August 1931, and the decision of the Commission was made in the following October. While the request of the applicant for oral argument was denied, it does not appear that any such request was made by respondents or that they sought any other hearing than that which was accorded.

We find no ground for denying effect to the Commission's action. The judgment of the court of appeals is reversed, and the cause is remanded with direction to affirm the decision of the Commission. It is so ordered.

#### SUPPLEMENTAL ESTIMATE, LEGISLATIVE ESTABLISHMENT

The PRESIDING OFFICER (Mr. BARKLEY in the chair) laid before the Senate a communication from the President of the United States, transmitting, without revision, a supplemental estimate of appropriation pertaining to the legislative establishment, United States Senate, for the fiscal years 1933 and 1934 (police force for Senate Office Building, under the Sergeant at Arms), in the sum of \$24,300, which, with the accompanying papers, was referred to the Committee on Appropriations.

#### JUDGMENTS RENDERED BY THE COURT OF CLAIMS

The PRESIDING OFFICER laid before the Senate a communication from the President of the United States, transmitting, pursuant to law, a list of judgments rendered by the Court of Claims requiring an appropriation for their payment, as follows: Under the Navy Department, \$3,375.14; under the War Department, \$716,295.41; in total amount, \$719,670.55, which, with the accompanying papers, was referred to the Committee on Appropriations.

#### JUDGMENTS RENDERED AGAINST GOVERNMENT BY DISTRICT COURTS

The PRESIDING OFFICER laid before the Senate a communication from the President of the United States, transmitting, pursuant to law, records of judgments rendered against the Government by the district courts, as follows: Under the Navy Department, \$2,508.48; under the Treasury Department, \$3,632.14; in total amount, \$6,140.62, which, with the accompanying papers, was referred to the Committee on Appropriations.

#### CLAIMS FOR DAMAGES TO PRIVATELY OWNED PROPERTY

The PRESIDING OFFICER laid before the Senate a communication from the President of the United States, transmitting estimates of appropriations submitted by the Post Office and Treasury Departments to pay claims for damages to privately owned property, in the sum of \$4,519.92, which have been considered and adjusted under the provisions of law and requiring appropriation for their payment, which, with accompanying papers, was referred to the Committee on Appropriations.

#### CLAIMS OF DEPARTMENTS COVERED BY CERTIFICATES OF SETTLEMENT

The PRESIDING OFFICER laid before the Senate a letter from the President of the United States, transmitting, in compliance with law, schedules of claims amounting to \$110,030.92 allowed by the General Accounting Office, as covered by certificates of settlement, for the service of the several departments and independent offices, which, with accompanying papers, was referred to the Committee on Appropriations.

#### POLICIES FOR AGRICULTURE—ADDRESS BY HENRY MORGENTHAU, JR.

Mr. MURPHY. Mr. President, I ask unanimous consent to have printed in the RECORD an address on Policies for

Agriculture, by Henry Morgenthau, Jr., delivered before the round-table conference of the Twenty-first Annual Meeting of the Chamber of Commerce of the United States on May 4, 1933.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

The general topic which has been proposed for my discussion this afternoon, that of Policies for Agriculture, covers a broad field. Obviously, within the limits of my time, and of your patience, I cannot attempt to cover it comprehensively. What I propose to do is to merely touch upon some aspects of it that relate to my own experience.

The conditions that have existed for some years past have invited many schemes for the relief of agriculture. This Niagara of proposals for governmental action is just one of the symptoms of general distress. They are evidence of the extreme concern which has spread to all classes of the population as to a condition about which we all should reasonably have grave concern. It should prove valuable to have many minds busying themselves with the problem, but, of course, there is always the danger that an extreme emergency may provoke too much interest in panic suggestions and divert too much of our attention from fundamentals and from consistent efforts to make orderly progress, to correction of detailed evils. Whatever novel and heroic measures we adopt for dealing with an acute emergency there will still be the long task ahead of adjusting agriculture to changing needs, of correcting inequities in financing, in taxation and in marketing methods, of attempting to give some plan and direction to agricultural production, and of planning more satisfactory conditions of rural life.

One of the heavy penalties we have paid in the long and disastrous decline of farm prices has been the interruption of progress along many lines of effort that must be followed through to create a lasting improvement in the conditions that surround agriculture and in farm living conditions. I doubt if it will ever be possible to protect agriculture completely from the results of a general business slump of such magnitude as that we have witnessed within the last few years; but the decline in agriculture preceded the general industrial depression, and when we analyze conditions prevailing 5 to 8 years ago we are able to trace influences that contributed to the agricultural decline. These influences point to the need for long-range planning and indicate ways in which Federal and State Governments, farmers' organizations, and individual farmers can cooperate to remove some of the obstacles to agricultural prosperity.

Agriculture in the United States has undergone a continual process of transformation. In character and distribution, it has changed with every generation. The opening of new lands, changes in industry, changes in consumption demands, and changes in farming methods have all played their part. One of the most profound influences in recent years has been the increased use of modern agricultural machinery, and an even more profound change has been wrought by the general motorizing of transportation.

The use of the truck and automobile has greatly altered the currents of distribution of farm products and has necessarily changed the character of production in many areas. One of the most difficult adjustments has been made necessary by the tremendous decrease in demand for fodder crops. All of these influences can be strikingly traced in almost any one of the States of the eastern seaboard, of which the State of New York is a conspicuous and interesting example.

Despite its great concentrated urban population, the Empire State, from a standpoint of acres employed, is predominantly a farm State and it continues to rank high among the States of the Union in farm production. It is an interesting fact that this farm production continues to be maintained at a high level in spite of the abandonment of literally millions of acres of land that has been used for growing crops for many generations, going back to colonial days.

A survey, some 4 years ago, developed the fact that approximately 4,000,000 acres of the soil of New York State, formerly used for farm purposes, had been abandoned and at that time abandonment of farms was going on at the rate of approximately 250,000 acres a year. Observation by agricultural economists led to the conclusion that it was economically a sound policy not merely to permit but to encourage this abandonment of marginal and submarginal land. The conclusion was reached that much of the land still in cultivation was being farmed uneconomically and that a competition of its products with those of better land tended not only from the standpoint of volume but from the standpoint of quality, to insure the reputation and the price of the products of the better land.

The situation is one which has its counterpart in many other States of the Union. The interesting thing about the situation in the State of New York is that action was taken by the State to correct this condition. Much of the submarginal areas in the State consists of hilly land better suited to growing trees than to any other purpose. In part for the purpose of benefiting agriculture and in part to realize other values, the State has undertaken, and has in process of accomplishment a program of reforestation on a broad scale. A part of that program is to give encouragement to individuals and communities to reforest submarginal lands. This encouragement is given by State appropriations to supplement county funds, by the furnishing of young trees free to public



authorities and by furnishing them at cost to private individuals. Special provisions for the taxation of reforested land are another means of encouragement.

A still broader effort has been undertaken by the State on its own initiative and responsibility. A program has been laid out for the purpose by the State of 1,000,000 acres of abandoned farm lands, over a period of a dozen years, for reforestation. Although the program has been under way only 3 years, already approximately 200,000 acres have been acquired and approximately 60,000 acres have been planted. The plan has had the formal approval of the people of the State at referendum election, which furnishes a strong guaranty that it will be completed.

An essential part of the general scheme is the planning of agricultural production. Along with the reforestation program in New York State has gone an economic land survey, which not only indicates the submarginal areas suitable for reforestation, but points out the direction in which agricultural production should be developed. Values inherent in this survey include the saving of unnecessary expense for development of unprofitable areas, the location of roads, schools, and even villages where they will most usefully serve the needs of the population and a saving of expense for such developments where they will not be permanently useful. With a more logical concentration of farm production, communities can be better served with schools, roads, power lines, telephones, and all the other facilities that contribute to a most satisfactory form of living.

Reforestation in New York has also made its contribution to relieving unemployment. Last year we drew the extra workers needed in the tree nurseries and for the planting crews from community lists of unemployed, and 10,000 persons were thus given an opportunity to earn wages for useful work. It was this experience that suggested a wider use of the unemployed on reforestation projects in the Nation.

The pattern of what New York State has planned and is attempting in planting forests in submarginal land can well be applied to other States. It will contribute to efficient production, will lessen the depressing influence upon prices caused by competition of the products of poor land, and it will effect a substantial saving in the expenditure of public funds, which also has an important bearing on the farmers' economic life.

In the State of New York we have also made some attempt to adjust the scheme of taxation to modern conditions in the interest of the farmer. There was a time when the expense of construction and maintenance of public roads was considered logically to be chargeable exclusively to the locality in which the roads were built. That fitted reasonably well the conditions of the days of the farm wagon, the horse and buggy, and the steam railroad as the sole means of long-distance transportation. It does not fit today's conditions at all. A check of the vehicles on even one of the most remote of country roads will reveal in most cases that local inhabitants are not the major users of them. Even if a so-called "farm-to-market road" were used exclusively for hauling farm produce to market, which is not the case, it does not necessarily follow that the expense of maintaining the road should be chargeable only to the land from which the products originate. The cost of the road may properly be considered as a part of the cost of the product delivered to the market; and only if the farmer himself were, in all cases, the transporting agent, could all the road cost be properly chargeable to him.

In dealing with this problem the State of New York, along with other States, has experimented with various types of State aid. One form was the distribution of State aid on a valuation basis. A later development was the matching of appropriations by localities. Naturally this gave a tremendous advantage to the richer suburban communities with high land values. This was the situation when Governor Roosevelt took office in 1930. He appointed an agricultural advisory commission, of which I happened to have the honor of being chairman, and which considered this and many other problems affecting rural communities. One of the commission's first recommendations was for the levying of a gasoline tax, primarily for road purposes. They followed this with the recommendation that aid for farm-to-market roads be distributed on a mileage basis. Legislation to accomplish this was passed and it has resulted in a very great improvement of roads in localities where improvement was most needed without imposing an unbearable strain on strictly farm property which it was designed to help.

The State, on the recommendations of the same advisory body, undertook experiments with various types of road construction suitable for rural highways. The road program in the State is still under development but the policy underlying it is that the whole State is intimately concerned with rural planning and the provision of highway access to localities which are permanent farming regions.

The school problem has similar aspects. The theory that the State could guarantee full educational rights to the children of all its citizens has never been fully realized and it is perhaps an impossible ideal, but there has been room for improvement toward that ideal. The State, at the suggestion of the agricultural advisory commission, undertook measures to enlarge the educational opportunities of children in rural regions by establishing minimum standards and increasing the rate of contribution to the more sparsely settled rural communities.

These are types of legislation and State action made possible by departing somewhat from ancient precedents in State government. I think we need not regard ourselves as bound by a system which leaves the conduct of State affairs entirely to representatives chosen on a geographical basis. In any State farmers

and their organizations should, I believe, find means for studying among themselves the specific problems of State government which intimately affect them and of laying their conclusions before governing authorities. There are many ways of doing this but I think the course followed in New York has many features to recommend it.

The prime essential to making the views of the farmer really effective in any branch of government is that they should give serious and fair-minded study to their own needs and their relation to other groups in the State population. In New York State the farmers have relied heavily on the advice of experts, including members of the staffs of their State colleges, who are equipped to make a careful and scientific study of economic, social, and political questions, questions that are political in the broad sense. It seems to me that in some cases farmers have exercised their undoubted right to influence legislation and governmental action without the right sort of inquiry and study made of their own initiative, but rather in response to the suggestions of the advocate of some particular theory or project. Of course this relates to the whole question of how to make citizenship active and effective. I touch upon it because I think it has a really important bearing on the farm problem and progress toward more suitable conditions for agriculture.

Out of my experience in the State of New York I have come to believe that there is great hope for economic progress by the farmer through cooperative organization. I realize that there are many difficulties in the road of cooperation. They are not all the result of opposition by external enemies; probably a large proportion of them are internal, but there is no need for despair because there are many failures in cooperative enterprises. All of you gentlemen know that there are also many failures in private business. I doubt if the proportion of failures in farmers' cooperatives is as high. To those who object to the invasion of what they regard as the legitimate field of private business by farmer cooperative enterprises the answer should be made that anything which contributes to the economic stability of the farming industry contributes also to the general stability of our industrial life. The free growth of farm cooperatives is just as fully justified as the free growth of other producing enterprises which seek by every means possible to stabilize the conditions of sale of their products. Farming affects the welfare of a larger proportion of our population than any one other industry, and it is properly a matter of Government concern to foster and protect a sound business organization for it.

In developing this policy the Federal Government, ever since 1916, has given its attention to the development of a sound system of finance, both for the individual farmer and for cooperative credit organizations, as well as cooperative marketing organizations. In recent years there have been added emergency measures which provide direct loans for farmers, and it is due to the unfortunate conditions that have prevailed that an element of subsidy has entered and the valuable principle of cooperation has been to a degree sacrificed. Other illogical features have developed, the most conspicuous of which is that the Government has created a number of separate agencies, all concerned with the farmers' credit problem, with large independent organizations and often with conflicting policies. Thoughtful men, interested in farm financing, have deplored this scattering of governmental effort, which was due more to circumstances than to lack of forethought, and have foreseen that a consolidation of this governmental assistance to farmers in their credit problems must eventually occur.

President Roosevelt is one who has long given thought to this problem and the result—his first consolidation order pursuant to extraordinary powers granted by Congress—was to order the consolidation of government lending agencies. We are now in the midst of the problem of effecting that consolidation. It is no small problem and I have time only to outline its scope very briefly. The new agency created is the Farm Credit Administration. Under the terms of President Roosevelt's Executive order, it will come into active functioning the latter part of this month. The agencies to be consolidated are the Federal land banks and intermediate-credit banks, now supervised by the Federal Farm Loan Board, of which the Secretary of the Treasury is chairman, and with 6 other members, 1 of whom is the active executive head and is known as the "Farm Loan Commissioner"; the regional agricultural credit corporations, of which there are 12, 1 in each Federal land-bank region, under the direction of the Reconstruction Finance Corporation; the Crop Production Loan Division, and the Seed Loan Division of the United States Department of Agriculture, which through regional offices disburses emergency crop and seed loans, in relatively small amounts, to all parts of the country; and the Federal Farm Board, which was created in 1929 to furnish assistance to cooperative marketing enterprises and through other devices to promote orderly marketing or agricultural products.

The form of organization prescribed by the President discards the board system of control. Both the Federal Farm Loan Board and the Federal Farm Board are abolished and their powers are concentrated in the office of Governor of the Farm Credit Administration. Likewise the control of the Board of Directors of the Reconstruction Finance Corporation over the affairs of the regional agricultural credit corporations is brought to an end and these corporations also are responsible solely to the Governor of the Farm Credit Administration, who in turn will be responsible directly to the President. In exercising the general supervisory and administrative functions of these various agencies, it has seemed to the President and his advisers that there is no more



compelling reason why decision should be reached by a board of many members than for having similar boards of control in authority over the executive departments of the Government. The board system is inevitably cumbersome; it delays decisions and divides instead of concentrating responsibility. It seems the more unnecessary because of the fact that in several of these activities, that is, those having a banking aspect, there are separate local boards of directors and loan committees to deal with applications and with policies.

All these present agencies of the Government deal with similar problems and in many cases they deal with the same individuals, or groups of individuals, seeking to borrow from Government funds or from funds gathered under Government auspices and supervised by Government agencies. There are a great duplication of records and paralleling of investigations. There is also a diversity of loan policies. From the standpoint of the borrowers the situation is even more complicated and confusing. It is not to be expected that an ordinary farmer-borrower shall know the details of all the statutes and plans of operation of these different governmental agencies and therefore when he undertakes to obtain a loan, or the refinancing of an indebtedness, he is forced to embark on an investigation to find out where he should go to obtain what he wants and inevitably he may be referred from one agency to another, with resulting loss of time and vexation before he gets the final answer to his application.

We expect to accomplish, through the consolidation, simplicity of control, a unified policy, a consolidation of records and more direct and satisfactory dealings with applicants. We have in mind another policy which seems not less important; that policy is a gradual but definite effort to return to the cooperative principle in granting credit. Around the system of Federal land banks and intermediate credit banks, with their affiliated loan associations and credit corporations made up of farmer-borrowers, it is our hope to build up a complete system of cooperative local credit organizations which will do business with the regional branches of the Farm Credit Administration. Many of the problems of the Farm Board, with respect to loans to cooperative-marketing organizations, are essentially local in their character and can be handled more effectively and prudently by regional subdivisions than through action by a central board in Washington, as is the case at present. It is expected that the future dealings of the central office of that division of the Farm Credit Administration, which has to do with loans to cooperatives, will be exclusively with national cooperative organizations, while local problems will be dealt with primarily in the regions.

Our tentative plans call for five divisions of the work of the Farm Credit Administration, each one of which will be headed by a commissioner, who will be an adviser to the governor of the administration in his particular line of activity. The proposed divisions are: Land loans, intermediate credit loans, production credit loans, cooperative marketing loans, and emergency loans. The emergency-loan division will consolidate the existing Reconstruction Finance Corporation regional loans and the crop production loans of the Department of Agriculture, which are, except as to the limit in the amount allowed to an individual borrower, almost identical in character. The production-loan division's task will be to promote the formation of strictly cooperative credit corporations, which will borrow through the intermediate credit system. The function of the intermediate credit division is, and will remain of a banking character. Its scrutiny will be concentrated on the character of the individual loan, while the production credit division will generally oversee the functioning of the credit corporations.

At the outset of its career the Farm Credit Administration has a very heavy problem imposed upon it to administer the provisions of the Farm Mortgage Refinancing Act, which entails the issue of up to two billions of new land-bank bonds, on which interest is guaranteed by the Government; a general reduction in interest rates to all borrowers; new terms as to interest and amortization and provision for direct loans on second mortgages and chattel mortgages on a 10-year basis. This refinancing program is naturally very closely related to the emergency credit functions which are being absorbed in the new administration, and consolidation of these functions is thus most timely.

I think there is pretty general agreement that the unequal and in many cases unjust debt burden resting on most American farmers is one of the most serious obstacles to a return to stable conditions in agriculture. The mortgage refinancing plan and the creation of the Farm Credit Administration are not mere temporary emergency measures but they look toward putting the industry of farming on a more satisfactory basis by making permanent provision for meeting farm-credit needs in an adequate and businesslike manner.

I have not, as I indicated at the outset of this brief talk, attempted a comprehensive view of policies affecting agriculture. I have, I think, however, by reference to those questions that have come within my own experience, touched upon lines of policy that are most vital to the whole problem. These as I regard them are: Planned production, the cooperation of individuals with State and Federal Governments, and cooperation among farmers themselves to solve their own credit and their own production problems, so that agriculture may be put firmly on its feet as the most stable of our industries and the one most essential to the country's welfare.

#### PROPOSED BANKING LEGISLATION—ADDRESS BY SENATOR BULKLEY

Mr. MURPHY. Mr. President, I ask unanimous consent to have printed in the Record an address on the subject of

proposed banking legislation delivered by the junior Senator from Ohio [Mr. BULKLEY] before the United States Chamber of Commerce on May 4, 1933.

There being no objection, the address was ordered to be printed in the Record, as follows:

The Glass subcommittee of the Senate Committee on Banking and Currency has just concluded its deliberations on the revised Glass bill, and that measure is being reintroduced by Senator GLASS and Congressman STEAGALL.

The subcommittee began its work more than 2 years ago pursuant to a resolution passed by the Senate in the Seventy-first Congress, directing the Banking and Currency Committee to make a complete survey of the Federal Reserve and national banking systems, and specifically to inquire as to whether the facilities of these systems had been used to an improper extent to finance the carrying of speculative securities. The subcommittee was directed to make a full compilation of essential facts and to report its recommendations for legislation.

The Glass subcommittee made an exhaustive study, by public hearings and by questionnaires directed to Federal Reserve banks and member banks, and first reported in the spring of 1932 a bill which, after further hearings before the full Committee on Banking and Currency, was reported to the Senate and there debated in May of last year. It became necessary to displace the bill in order to consider the emergency revenue bill, with the result that consideration of the Glass bill was not concluded during the session. It was brought up again on the floor last January and, after lengthy and spirited debate, passed the Senate with only minor changes, by the handsome majority of 54 to 9. However, this occurred so late in the session that the bill did not come up for consideration in the House of Representatives.

With the beginning of the extra session of the Seventy-third Congress the Glass subcommittee resumed its labors and has now concluded to report the Glass bill as it passed the Senate in the last Congress, with very few changes. One of the changes to be proposed, however, is of the greatest importance and public interest; it provides for the insurance of bank deposits. This new feature of the bill is what I want to discuss here, and I shall assume that this audience is already reasonably familiar with the other very important features of the Glass bill, including the increased powers given to the Federal Reserve Board and Federal Reserve banks to prevent undue use of the credit facilities of member banks for the purpose of carrying speculative securities; the divorcement of all member banks from affiliate relationship; the complete separation of the investment banking business from commercial banking; the extension of branch banking in the national banking system to such extent as may be permitted by the laws of the several States respectively; and the regulation of holding companies which control member banks of the Federal Reserve System.

In addition to the provisions I have just enumerated and a few minor amendments to the National Bank Act and the Federal Reserve Act, the Glass bill, as passed by the Senate in the Seventy-second Congress, provides for the incorporation of a liquidating corporation with a view to providing means whereby the depositors in closed banks might more promptly receive a substantial share of such amounts as they might be entitled to upon their deposit accounts. The experiences which we have had during and following the banking holiday of March 1933 have convinced the subcommittee that a more far-reaching plan is desirable, if not imperative.

Accordingly, in place of the liquidating corporation provided for in the old Glass bill, the subcommittee now proposes the Federal Bank Deposit Insurance Corporation. The initial capital of this corporation is to be provided by a subscription of \$150,000,000 by the United States Treasury, a subscription by the Federal Reserve banks in an amount equal to one half of the surplus of such banks, and a subscription by each member bank of an amount equal to one half of 1 percent of its total deposit liabilities. The amount so subscribed by the Federal Reserve banks would be approximately \$140,000,000; the amount to be realized from member bank subscriptions is difficult to estimate because undoubtedly this very provision for bank-deposit insurance will draw large numbers of nonmember banks into the Federal Reserve System. It is believed that the subscription by member banks will aggregate more than \$150,000,000 so that the original capital stock of the Bank Deposit Insurance Corporation will be about \$450,000,000.

In order to provide still greater resources the corporation is authorized to issue and sell bonds, notes, or debentures in an aggregate amount equal to twice its capital stock.

All deposit accounts of \$10,000 and less will be fully insured. Accounts in excess of \$10,000 will be insured to the extent of 75 percent of the excess over \$10,000 up to \$50,000, and will be insured to the extent of 50 percent of all the excess over \$50,000.

The small depositor is not so likely as the large depositor to have facilities for analyzing the condition of his bank or arriving at a valid conclusion as to its soundness, and it is, therefore, in the public interest that the small depositor should be protected in full. There is another very logical reason that supports the argument for full protection to the small depositor, and that is that in time of stress and doubt it is the aggregate withdrawals of small depositors which have in many cases so drained our banking institutions of cash that even completely solvent banks have been unable to meet the cash demands of their depositors. Those demands were not due to any actual need of cash but were in-



spired only by fear for the safety of the accounts. The insurance provided by this proposed act will so far remove any possible legitimate cause for such fear that it is most unlikely that in the future there will be any runs on banking institutions whose deposits may be insured by this Federal Bank Deposit Insurance Corporation.

Now, as to the manner of making the insurance effective for the benefit of the depositor: Immediately upon the closing of a member bank the insurance corporation will establish a new banking unit which will be ready at once to function with respect to checking accounts. This new unit will assume the net deposit liabilities of the closed bank, and as soon as the amount of the depositors' net claims, after offsets, can be determined, the depositors will be credited with the amount of their approved claims in the form of a deposit in the new banking unit, subject to check. The new unit will be authorized to accept deposits, so that depositors may proceed, almost without interruption, to transact with the new unit their daily business of drawing and depositing checks, just as they had previously conducted it with the old bank. The Bank Deposit Insurance Corporation will be obligated to the new banking unit in an amount equal to the net deposit liabilities of the closed bank, and will provide the new unit with such cash as may be required to carry on its business and allow a low rate of interest on the balance of the obligation. The new banking unit will thus be 100 percent liquid, and its depositors, having nothing to fear, will have no motive to withdraw their accounts, but will undoubtedly retain their balances in the new unit to the same extent that they would have retained them in the old bank had there been no suspicion of insolvency. This will make it possible to protect the safety and convenience of the depositors without any necessity for the insurance corporation to advance in cash the entire amount necessary to pay the depositors in full.

This proposed new banking unit will be completely under the direction of the Bank Deposit Insurance Corporation and will be operated, without any board of directors, by an executive officer appointed by the corporation. Until fully established on the basis I am about to explain, this new banking unit will not carry on any other function than that of deposit banking, and its only assets will be cash, Government securities, balance in the Federal Reserve bank, and balance due from the Deposit Insurance Corporation. In other words, it will be absolutely 100 percent liquid.

As soon as convenient the Bank Deposit Insurance Corporation will cause books to be opened for subscription to capital and surplus of a new national bank to carry on the business of the new banking unit which I have just described. The amount of capital and paid-in surplus will be fixed in reasonable proportion to deposit liabilities of the new banking unit, and stockholders of the closed bank, whose liabilities shall have been assumed by the new banking unit, will be given the first opportunity to subscribe for stock in the new bank. If the amount fixed as the appropriate capital and surplus should be subscribed and paid in, the stockholders would proceed to elect their directors and take over the management of the business of the new banking unit, which would thus become a full-fledged national bank.

If subscriptions should not be forthcoming for a new bank, the insurance corporation would have the right to turn over the going business of the new banking unit to any approved banking institution already in existence which might be willing to take over the assets and liabilities of the new banking unit upon making a showing that its own condition was such as to enable it safely to do so.

In either case, whether the new banking unit should, by the subscription of new capital, become a new national bank, or whether it should be merged into an existing institution, it would, as I have just explained, have complete liquidity of its assets. In fact, its liquidity would at first be too great to permit of profitable operation. It would therefore be sound business to draw on its credit with the insurance corporation in order to acquire loans and investments yielding a better return than the interest which would be allowed by the insurance corporation, and nothing could be more natural than that it would want to acquire all of the sound loan accounts of its customers—the depositors which it inherited from the old bank which had to close.

The new bank, therefore, would be the natural and normal customer to buy from the receiver the sound assets of the old bank, leaving the frozen and questionable items to be liquidated through the receivership. The same consideration would apply, of course, if a previously existing institution should take over these deposit liabilities; it would most naturally want to use some of its cash assets to buy the sound loans of the closed bank.

So much for the transfer and continuation of the business of a closed bank. Now, let us see how the insurance corporation will work out on the other end of the situation. Having obligated itself to the new banking unit in an amount equal to the entire net deposit liabilities of the closed bank, and having thus assured the depositors the full amount of their deposit accounts, the insurance corporation becomes subrogated to the rights of those depositors against the closed bank.

The bill provides that the corporation shall itself be appointed receiver if the closed institution happens to be a national bank, and that it may accept appointment as receiver of a State member bank if that is possible under the laws of the State in which the member bank was incorporated. In either case, it must proceed at once to determine the probable realizable value of the depositors' claims which it has thus acquired. Pursuant to that determination the estimated value of those claims will be set up on

the books of the insurance corporation as a sound asset. The amount of this asset must, of course, be less than the amount of the deposit liability which the insurance corporation has been obliged to assume. This difference represents the estimated loss of the particular transaction, and will be charged immediately against a deposit insurance account. The losses charged against that deposit insurance account must be made good from time to time by assessments against the banks which are members of the system.

The bill, therefore, provides that whenever the aggregate debit, representing losses to the insurance corporation, shall exceed an amount equal to one fourth of 1 percent of the total deposit liabilities of all the member banks, there shall be an assessment of one fourth of 1 percent of such liability made against all member banks, and the amount collected from such assessments will be credited to the deposit insurance account. In that manner losses will be promptly restored to the insurance corporation. It will, of course, be found after complete administration of the affairs of any closed bank, that the realization will be either more or less than the estimate, so that ultimately there will be an adjusting debit or credit entry in the deposit insurance account. Such adjusting entries will in all probability be relatively small in amount. The insurance corporation will keep itself sound and solvent by requiring its members to pay losses promptly from time to time as frequently as estimated losses may aggregate an amount equal to one fourth of 1 percent of the deposit liabilities of member banks.

Now, having set up the appropriate loss charge to the deposit insurance account, the insurance corporation proceeds, as receiver, to liquidate the assets of the closed bank in an orderly manner and to collect the stockholders' liability. As we have already seen, there is a natural customer for the sound assets of the closed bank. That customer, the new banking unit, is able to pay for those sound assets with cash or its equivalent. It will undoubtedly make payment by drawing against the credit which it has with the insurance corporation and thus the insurance corporation realizes on those assets of the closed bank by the simple process of reduction of its own liabilities to the new successor bank. The slow or frozen assets must be liquidated out over a period of time with due regard to the interest of all concerned. Of course, settlements in the nature of liquidating dividends will have to be paid to creditors of the closed bank other than depositors, and in many cases also to large depositors whose accounts were not fully insured. These are details with which we need not here be concerned.

The plan has been so devised as to afford complete insurance to the mass of small depositors and a substantial measure of insurance to all depositors, and yet so as never to require the actual paying out of all deposit liabilities of any institution at any time. In normal circumstances depositors in any bank are depositors simply because the deposit credit in a banking institution is of greater convenience in the normal course of business than a similar amount of currency. As long as they can be sure that their deposit credit is available and not in danger of being lost, there is no occasion to draw it out except in the making of payments in the ordinary course of business transactions. With deposits in banks insured, as provided by the Glass bill, there need be no fear of loss, and therefore there can be no incentive for a run on a bank. Even if a bank should close, a new deposit credit with the new temporary banking unit will, under the provisions of this bill, be available to depositors almost immediately, and the regular routine business of collections and payments would be carried on almost without interruption.

It follows that a new unit bank, carrying on the business of a closed bank, will practically never have to call upon the insurance corporation to pay in cash the full amount which the insurance corporation undertakes to make available to the new bank, which, as I have explained, is an amount equal to the deposit liabilities of the new bank. Instead of being called upon to pay that whole amount in cash, the insurance corporation will satisfy its obligation in large part by turning over to the new bank the sound and quick assets of the closed bank, to which assets the insurance corporation will have become entitled by virtue of its subrogation to the rights of the depositors of the closed bank. Of course, the new bank will require some cash and will therefore call upon the insurance corporation to pay some part of its obligation in cash. Such cash payments on the part of the insurance corporation will, in part, be replenished promptly by assessment of losses against member banks, and in part will be replenished more slowly by the liquidation, over a considerable period of time, of the slow and frozen assets of the closed banks.

The carrying of such assets for the time necessary to accomplish an orderly liquidation necessitates a certain investment of funds by the insurance corporation. If the investment required proves to be more than the amount made available by the original capital subscriptions to the insurance corporation, then that corporation will have to issue and sell its debentures, which it is authorized to do to the extent of twice the amount of its capital stock.

The bill provides that the stock in the insurance corporation held by the Federal Reserve banks shall be entitled to voting power but not to dividends, while the stock held by the United States Government or by the member banks is entitled to dividends.

Let us consider from what sources the insurance corporation will derive the income which will be necessary to pay interest on debentures and dividends on stock. One source will be the income derived from the investment of its capital, which at first would perhaps be largely invested in Government securities and later



shifted gradually into an investment in the slow assets of the closed banks. Even such slow assets should yield some income. The second source of earnings for the corporation will be the earning of fees as receiver of closed banks.

The insurance losses will not be losses to the insurance corporation itself, but will be carried by it only temporarily, to be promptly repaid by the member banks. It is very reasonable to expect, therefore, that the insurance corporation will be able to earn enough to pay reasonable dividends upon its capital stock.

It is proper to inquire whether the member banks can reasonably afford to pay the assessments which will be made against them from time to time to meet losses. This general question is too large to treat with finality in the brief time at my disposal here. The losses to bank depositors over the course of the last few years are, of course, staggering in amount. It is fair to presume, however, that if, as provided in the Glass bill, the only banks which will be permitted to participate in the insurance system are those which are now able to pass a thorough and searching examination, the probability of any substantial loss within that system will be reduced to a minimum.

There was a time, prior to the recent increase in bank casualties, when over a considerable period of years an annual assessment of one thirtieth of 1 percent of deposit liabilities of all the banks in the United States would have been sufficient to pay all losses. With a proper rigid examination of member banks as a condition precedent to membership in the insurance system, and with diligent and efficient supervision to follow, it is not too much to hope that the occasional assessment of one fourth of 1 percent of deposit liabilities will come at intervals satisfactorily infrequent.

The Glass bill prohibits member banks from paying interest upon demand deposits, and authorizes the Federal Reserve Board to regulate the interest on savings and time deposits. Without attempting at this time to submit complete proof, I venture to express the view that the amount saved to the banks by restrictions on the payment of interest on deposits will be more than enough to pay the assessments made by the insurance corporation on account of losses. On the other hand, depositors will be more than compensated for the elimination of interest on demand deposits and its possible reduction on time and savings deposits by the effective insurance which this bill provides against loss and against the freezing up of deposit credit.

Any discussion of the insurance of bank deposits would be incomplete without at least a brief reference to the classical arguments against any form of insurance or guaranty. I shall, therefore, notice them here, though it will be necessary to refrain from arguing them at length.

It will, of course, be said that the history of all attempts to guarantee or insure bank deposits is unfavorable, and has demonstrated the impracticability of the idea. It must be admitted that past experience has, on the whole, been very unsatisfactory, but it may fairly be answered that no experiment has ever been tried on so large a scale and with so satisfactory a diversification of risk as is now proposed.

It will, of course, be said that any law which makes every bank as safe as every other bank promotes bad banking because it does not require depositors to discriminate and to place their deposits only with the best bankers. To this it must be answered that the vast majority of depositors can never be expected to be so informed as to understand which bank is absolutely safe, and that there have recently been too many bitter disappointments in the closing of banks which had enjoyed good reputations. It may further be answered that a strict limitation on the payment of interest on deposits will eliminate the most unsound method of competition for deposit accounts, and still further it might be answered that the mutual responsibility and mutual liability of all bankers for all banking losses will have a strong tendency to bring about better banking, through more complete cooperation among bankers and through the creation of a definite selfish motive on the part of each banker to be active in preventing unsound banking practices by neighboring banks.

In the stress of the recent banking crisis many a banker, who had for years opposed any form of bank guarantee or insurance, and who for years had repeated the classical arguments which I have just reviewed, suddenly changed his mind when the general loss of confidence in all banks became so great as to threaten a serious run on his own institution, and indeed on all banks generally, regardless of how soundly they might have been managed. During that crisis there was a very definite appeal from bankers for the United States Government itself to insure all bank deposits so that no depositor anywhere in the country need have any fear as to the loss of his account. Such a guarantee as that would indeed have put a premium on bad banking. Such a guarantee as that would have made the Government pay substantially all losses which had been accumulated, whether by misfortune, by unwise judgment, or by sheer recklessness, and it might well have brought an intolerable burden upon the Federal Treasury.

The plan now proposed differs sharply from that. It puts the burden of losses directly on the member banks. It compels the large depositor either to distribute his deposits widely or to select his banking institution wisely. It gives the small depositor the absolute assurance to which he is properly entitled. It frees the banker from that fear of his own depositors which has so distressed the banking fraternity in recent months. And it compels the cooperation of all banks toward the perfection of a system so sound as to eliminate all losses to depositors.

There may still be some opposition to the insurance of bank deposits. No doubt it is true that the system now proposed does in a sense make one man pay for another man's fault. But unfortunately our present method does that too, and with much more dangerous consequences. Still too fresh in our memories must be the picture of countless losses to innocent depositors, and countless instances of indefinite postponement of realization on bank-deposit credits, which everyone ought to have the right to regard as the most liquid and readily available of all assets.

We cannot afford to permit a repetition of our recent experience. Our social values as well as our business soundness depend upon a restoration of complete confidence that the deposit of a lifetime's savings as well as the deposit of a necessary business working account is safe beyond the peradventure of a doubt. Our existing system has not met that test. The necessary measure of safety will not come without definite and decisive governmental action. That necessary action is proposed in the Glass bill. Let us proceed to make our banks safe for all of our people.

#### EXECUTIVE SESSION

Mr. ROBINSON of Arkansas. Mr. President, I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

#### EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER laid before the Senate several messages from the President of the United States submitting nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

#### REPORT OF COMMITTEE ON THE JUDICIARY

The PRESIDING OFFICER. Reports of committees are in order.

Mr. BRATTON, from the Committee on the Judiciary, reported favorably the nomination of Henry H. McPike, of California, to be United States attorney, northern district of California.

#### GREAT LAKES-ST. LAWRENCE DEEP WATERWAY TREATY

The PRESIDING OFFICER. If there be no further reports of committees, the calendar is in order.

The legislative clerk announced Executive C, Seventy-second Congress, second session, a treaty between the United States and the Dominion of Canada for the completion of the Great Lakes-St. Lawrence deep waterway, signed on July 18, 1932, as first in order on the calendar.

Mr. KING. Let that go over.

The PRESIDING OFFICER. The treaty will be passed over.

#### DEPARTMENT OF THE TREASURY

The legislative clerk read the nomination of J. F. T. O'Connor, of California, to be Comptroller of the Currency.

Mr. McNARY. Mr. President, on two occasions I have caused this nomination to go over for sufficient reasons. I have no desire further to prevent action by the Senate, and therefore make no objection at this time.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

#### CIVIL SERVICE COMMISSION

The legislative clerk read the nomination of Lucile F. McMillin, of Tennessee, to be Civil Service Commissioner.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Harry B. Mitchell, of Montana, to be Civil Service Commissioner.

The PRESIDING OFFICER. Without objection, the nomination is confirmed. Without objection, the President will be notified.

Mr. McNARY. Mr. President, the practice of notifying the President immediately has not met with the full accord of a great many Members of the Senate. At one time, I believe, a lawsuit arose out of action of that kind. I think notification concerning these nominations should await the time required under the rule.

The PRESIDING OFFICER. Without objection, that course will be pursued.



HENRY H. McPIKE

Mr. BRATTON. Mr. President, a moment ago, from the Judiciary Committee, I reported the nomination of Henry H. McPike, of California, to be United States attorney for the Northern District of California. I ask unanimous consent for the immediate consideration of the nomination.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the clerk will state the nomination.

The legislative clerk read the nomination of Henry H. McPike, of California, to be United States attorney for the Northern District of California.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

J. F. T. O'CONNOR

Mr. ROBINSON of Arkansas. Mr. President, so far as I am informed, the Senate is not ready to proceed with any important measure. Unless some Senator has some important measure or matter to take up tomorrow, I intend, when the Senate resumes legislative session, to move a recess until day after tomorrow at 12 o'clock.

Mr. REED. Mr. President, will the Senator withhold the motion for a motion?

Mr. ROBINSON of Arkansas. Very well.

Mr. REED. Mr. President, when the Senate went into executive session I was necessarily absent and was unable to get here promptly. I wish to refer briefly to the nomination of Mr. O'Connor, of California, to be Comptroller of the Currency.

I do not mean to move to reconsider the confirmation of Mr. O'Connor's nomination, but I should like to register my objection to it, which is not based on any grounds personal to Mr. O'Connor. I am assured by those who know him, and I am quite ready to believe, that he is a gentleman of integrity and ability. But the post to which he is appointed, that of Comptroller of the Currency, is one of the key positions in the Government. It is a position which in this time of crisis and banking difficulties is probably, outside of the Presidency and the office of Director of the Budget, the most important single position in the United States Government.

Mr. O'Connor has never had any banking experience whatsoever. He has never been an officer of a bank. He has never been a director of a bank. He has never been counsel for a bank. So far as the Finance Committee could learn, he knows no more about banking than any depositor would know from having had a checking account. Yet he has been put into this position of great power, of great responsibility, of great authority over the entire banking system of the United States; and, because of his inexperience, it is necessarily going to take him months before he can learn his job as Comptroller of the Currency should know it. I am extremely sorry that President Roosevelt should have seen fit to appoint a man so inexperienced to a job so vital.

It ought not to be a job. It ought to be a position and yet I cannot discover, in what we learned in the Finance Committee, any single reason for selecting Mr. O'Connor for this position except it be his general reputation for integrity and his reputation for general ability. I have no doubt that, like most lawyers, he has learned to cram on a case rapidly, and to get the necessary knowledge to function; but he ought to have that knowledge at this moment. It is like appointing him to be captain of an ocean liner in the middle of a hurricane. Doubtless with his ability he would in time learn to be captain of an ocean liner and doubtless he will learn the duties of this position; but he does not know them now, and I regard his appointment as a great mistake.

I am perfectly well aware that any opposition to confirmation would be fruitless. We cannot muster enough votes on the two sides of the aisle to prevent confirmation, but I did not want the matter to be disposed of without registering my protest, as I have done.

Mr. McADOO. Mr. President, I have listened with interest as I always do to any remarks by my distinguished colleague from Pennsylvania, but in this matter I do not concur at all in the judgment he has rendered upon Mr.

O'Connor. I rather gather from what he said that his chief objection to Mr. O'Connor is that he is inexperienced in banking.

Mr. REED. That is my only objection.

Mr. McADOO. That is the Senator's only objection. I regard that as a virtue in this particular position. I speak advisedly because, having been for 6 years Secretary of the Treasury, I learned something of the duties and obligations of this great office, which is administered under the general direction of the Secretary of the Treasury. We do not need so much in this office a man experienced in banking as a man experienced with bankers; and Mr. O'Connor in his lifetime has had ample experience with bankers.

I do not mean to have the Members of the Senate infer that I am casting any reflections upon bankers. They fill a highly desirable place in the general economy of the country, and I have great respect for them. The Comptroller's Office, however, is the statutory policeman of the bankers of the United States; and I found while I was in the Treasury that it is more important to have in that position a man who is free and independent, without a biased mind in any direction, than to have someone who has had technical banking experience.

Throughout the history of the Comptroller's Office the men who have been most conspicuous as Comptrollers of the Currency have been lawyers. Every lawyer of large practice has had experience in banking—enough, at least, to qualify him for this position.

The first Comptroller of the Currency, for instance, was Hugh McCulloch, subsequently one of the great Secretaries of the Treasury. He was a lawyer. He did not know anything about the office when he took possession of it. How could he? It was created for the first time during the Civil War. He had to organize it and administer it.

Subsequently James H. Eckles, of Chicago, became Comptroller of the Currency. The objection was raised to him at the time that he was not only too young but, being only a lawyer and having no banking experience, was not qualified to discharge the duties of the comptrollership. Eckles turned out to be one of the ablest of the Comptrollers of the Currency; and the same thing may be said of other lawyers who have occupied that position.

I think, by the way, that Charles G. Dawes, when he was appointed Comptroller of the Currency, was not a lawyer, but he certainly had had no experience in banking at that time.

Mr. ROBINSON of Arkansas. He was a lawyer.

Mr. McADOO. Was Charles G. Dawes a lawyer?

Mr. ROBINSON of Arkansas. Yes.

Mr. McADOO. I did not know that that was one of his many accomplishments.

Mr. ROBINSON of Arkansas. He was a partner of Pershing when he began practicing law.

Mr. McADOO. I thank the Senator from Arkansas for the information.

The Secretaries of the Treasury, under whom the Comptroller of the Currency must exercise these duties, have frequently been men without any experience whatever in banking.

Alexander Hamilton was a lawyer. He was not a banker, and yet he was the greatest Secretary of the Treasury this country has ever produced.

Salmon P. Chase was a lawyer, and one of the great Secretaries of the Treasury. What did he know about the duties of that great office when he was appointed?

I could cite many similar instances.

I want to say in reference to Mr. O'Connor that he is a man of exceptionally fine ability. He has a quick mind. He knows something about the problems confronting the country; and I know that he will, with great ability and integrity and courage, administer the great office to which the Senate has just confirmed him.

Mr. ROBINSON of Arkansas. Mr. President, the nomination now under discussion has been acted upon by the Senate, and by unanimous vote confirmation has been accorded to Mr. O'Connor. The criticism of the qualifications



of Mr. O'Connor by the Senator from Pennsylvania comes too late to affect the judgment of the Senate.

The nomination was reported by the Finance Committee. No objection was interposed to favorable action. After favorable action had been taken, the Senator from Pennsylvania expresses a doubt in his own mind as to the fitness of Mr. O'Connor to perform the very responsible duties of Comptroller of the Currency because Mr. O'Connor is not a practical banker.

I think anyone at first thought would be disposed to give credence to that objection and criticism; but, after all, particularly at this time, the duties of the Comptroller are of such a general and comprehensive nature that someone with more liberal, someone with broader experience than a cashier of a bank, or even a president of a bank, is needed to carry on the functions of that office. As stated by the Senator from California [Mr. McAdoo], it is well worth while to have at that post now one who enjoys a liberal experience in the great legal profession, for the test of the success of his efforts will be the interpretation and the application of laws—not only the laws that have been passed during the present extraordinary session of the Congress but laws which have been on the statute books for quite a while, and which, according to the common judgment of the people of the country, have not been effective in the accomplishment of the purposes for which they were designed.

I express the hope and belief that the services of Mr. O'Connor in this important position will fully vindicate the soundness of the judgment exercised in his selection by the Executive and his confirmation by the Senate.

It is, of course, regrettable that the President's choice did not meet with the approval of the Senator from Pennsylvania; but the position of Comptroller of the Currency under the administration which the Senator from Pennsylvania dominated, or is alleged to have dominated, was vacant during the greater part of the last 2 years. President Hoover did not appoint a Comptroller of the Currency after the resignation of Mr. Pole. We had an Acting Comptroller of the Currency. Now, after the nomination has been made and the judgment of the Senate expressed on the subject, the Senator from Pennsylvania seeks to raise a doubt as to the propriety of the selection.

Mr. FLETCHER. Mr. President, I merely desire to call attention as a matter of history to the fact that in the old civilizations of Europe, built up after centuries and centuries, we saw the most tremendous collapse ever known in history. Austria and Germany completely fell down. Their financial affairs were, and had been, in the hands of bankers. We have seen the financial affairs of the United States supervised and controlled and directed largely by bankers.

I do not reflect on bankers in these statements, but that is history. Why insist that bankers must stand in positions of control and direction continuously hereafter? They have certain views and certain ideas about how things should be managed. All very well, and we appreciate that; but if there is any lesson to be learned from it, it is that bankers have not been successful in the conduct of the financial affairs of this country or of Europe.

#### RECESS

The Senate resumed legislative session.

Mr. ROBINSON of Arkansas. I move that the Senate stand in recess until 12 o'clock noon on Wednesday.

The motion was agreed to; and (at 3 o'clock and 40 minutes p.m.) the Senate took a recess until Wednesday, May 10, 1933, at 12 o'clock meridian.

#### NOMINATIONS

*Executive nominations received by the Senate May 8 (legislative day of May 1), 1933*

##### SECRETARY IN THE DIPLOMATIC SERVICE

George Bliss Lane, of New York, now a Foreign Service officer, unclassified, and a vice consul of career, to be also a

secretary in the Diplomatic Service of the United States of America.

##### ASSISTANT ATTORNEY GENERAL

Pat Malloy, of Oklahoma, to be Assistant Attorney General, to fill an existing vacancy.

##### DISTRICT JUDGE OF THE CANAL ZONE

Richard Curd Pope Thomas, of Kentucky, to be district judge of the Canal Zone, to succeed James J. Lenihan, term expired.

##### UNITED STATES MARSHAL

Edward B. Doyle, of Georgia, to be United States marshal, middle district of Georgia, to succeed Samuel Purvis, term expired.

##### COAST GUARD

The following-named young men to be ensigns in the Coast Guard of the United States, to rank as such from May 15, 1933:

David Hall Bartlett.	Vaino Oliver Johnson.
Rudolph Bjorge.	Robert Egan McCaffery.
Emmet Timothy Calahan.	Joseph Francis McCue.
Albert John Carpenter.	Thomas Robley Midtlyng.
Hubert Roe Chaffee.	George Olof Olson.
William Wilder Childress.	John Birdsall Oren.
Eugene Auguste Coffin, Jr.	William Mulford Peel.
Warren Loomis David.	Richard Foster Rea.
Harry Elmer Davis, Jr.	David Owen Reed.
John Herman Forney.	Peter Joseph Smetonis.
Albert Everest Harned.	Willard John Smith.
Clarence Herbert.	Thomas Harold Stubbs.
Swen Alfred Hill.	Louis MacLane Thayer, Jr.
George Whisler Holtzman.	John Herbert Wagline.
Joseph Howe.	Quentin Robert Walsh.
John Jenkins Hutson, Jr.	

##### APPOINTMENTS, BY TRANSFER, IN THE REGULAR ARMY

###### TO QUARTERMASTER CORPS

Capt. John Sutherland Claussen, Infantry (detailed in Quartermaster Corps), with rank from July 1, 1920.

Capt. James Brian Edmunds, Cavalry (detailed in Quartermaster Corps), with rank from February 1, 1932.

##### PROMOTIONS IN THE REGULAR ARMY

###### To be colonel

Lt. Col. Daniel Andrew Nolan, Infantry, with rank from May 1, 1933.

###### To be lieutenant colonel

Maj. George William Carlyle Whiting, Infantry, from May 1, 1933.

###### To be majors

Capt. William Fred Riter, Quartermaster Corps, from May 1, 1933.

Capt. Herbert Warren Hardman, Quartermaster Corps, from May 1, 1933.

Capt. John Dillard Goodrich, Quartermaster Corps, from May 1, 1933.

###### To be captains

First Lt. Laurence Daly Talbot, Quartermaster Corps, from April 22, 1933.

First Lt. Newman Raiford Laughinghouse, Air Corps, from April 26, 1933.

First Lt. John Paul Dean, Corps of Engineers, from May 1, 1933.

First Lt. Patrick Henry Timothy, Jr., Corps of Engineers, from May 1, 1933.

First Lt. Hugh John Casey, Corps of Engineers, from May 1, 1933.

First Lt. Patrick Henry Tansey, Corps of Engineers, from May 1, 1933.

First Lt. Hans Kramer, Corps of Engineers, from May 1, 1933.

First Lt. Albert Gordon Matthews, Corps of Engineers, from May 1, 1933.



First Lt. Amos Blanchard Shattuck, Corps of Engineers, from May 1, 1933.

First Lt. Leland Hazelton Hewitt, Corps of Engineers, from May 1, 1933.

*To be first lieutenants*

Second Lt. Forester Hampton Sinclair, Field Artillery, from April 22, 1933.

Second Lt. Walter Morris Johnson, Infantry, from April 26, 1933.

Second Lt. Harold Stanley Isaacson, Field Artillery, from May 1, 1933.

Second Lt. Willis Webb Wheelchel, Field Artillery, from May 1, 1933.

Second Lt. Albert Harvey Dickerson, Infantry, from May 1, 1933.

Second Lt. Leander LaChance Doan, Cavalry, from May 1, 1933.

Second Lt. Arthur Edwin Solem, Field Artillery, from May 1, 1933.

Second Lt. Theodore Kalakuka, Cavalry, from May 1, 1933.

Second Lt. Charlie Wesner, Field Artillery, from May 1, 1933.

Second Lt. Henry Magruder Zeller, Jr., Cavalry, from May 1, 1933.

Second Lt. Orville Melvin Hewitt, Infantry, from May 1, 1933.

**MEDICAL CORPS**

*To be lieutenant colonel*

Maj. Harry Rex MacKellar, Medical Corps, from April 28, 1933.

**CHAPLAIN**

*To be chaplain with the rank of lieutenant colonel*

Chaplain William Richard Arnold (major), United States Army, from April 29, 1933.

**PROMOTIONS IN THE NAVY**

Capt. Joseph R. Defrees to be a rear admiral in the Navy from the 5th day of April 1933.

Commander Damon E. Cummings to be a captain in the Navy from the 1st day of January 1933.

Commander Bryson Bruce, an additional number in grade, to be a captain in the Navy from the 5th day of April 1933.

Lt. Comdr. Carroll M. Hall to be a commander in the Navy from the 5th day of April 1933.

Lt. Herbert M. Scull to be a lieutenant commander in the Navy from the 30th day of June 1932.

Lt. (Junior Grade) Walter S. Ginn to be a lieutenant in the Navy from the 1st day of February 1932.

Lt. (Junior Grade) Emory W. Stephens to be a lieutenant in the Navy from the 5th day of January 1933.

The following-named lieutenants (junior grade) to be lieutenants in the Navy from the 1st day of February 1933:

John M. Kennaday.

Philip M. Boltz.

The following-named lieutenants (junior grade) to be lieutenants in the Navy from the 1st day of March 1933:

Sumner K. MacLean.

Paul Graf.

Warren D. Wilkin.

The following-named lieutenants (junior grade) to be lieutenants in the Navy from the 1st day of April 1933:

Everett W. Abdill.

Paul L. F. Weaver.

Willis E. Cleaves.

The following-named pharmacists to be chief pharmacists in the Navy, to rank with but after ensign, from the 23d day of February 1933:

Will Grimes.

Paul T. Rees.

The following-named pay clerks to be chief pay clerks in the Navy, to rank with but after ensign, from the 15th day of January 1933:

Lawrence W. Sadd.

Arthur D. Gutheil.

**CONFIRMATIONS**

*Executive nominations confirmed by the Senate May 8 (legislative day of May 1), 1933*

**UNITED STATES ATTORNEY**

Henry H. McPike to be United States attorney, northern district of California.

**COMPTROLLER OF THE CURRENCY**

J. F. T. O'Connor to be Comptroller of the Currency.

**MEMBERS OF THE CIVIL SERVICE COMMISSION**

Lucille F. McMillin.

Harry B. Mitchell.

**HOUSE OF REPRESENTATIVES**

MONDAY, MAY 8, 1933

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

Our Lord and our Redeemer, full of grace and glory, to Thee we come. A mighty fortress is our God, a bulwark never failing. As the work of the day unfolds, clothe our thoughts with wisdom and our wisdom with action that can stand the scrutiny of broad daylight and sound true to the last. Help us by giving us a very close acquaintance with Thee. Strengthen us with the royalty of an unsullied conscience. Hear us, blessed Lord God, for our country. Mercifully be with the unemployed and idle multitudes all over our land. O give this Congress wisdom to solve their problems. Do Thou subdue all restless clamor, the turbulence of selfish strife, and melt all discord into harmony. Remember us individually. Take each one of us and draw us nearer and nearer to the divine embodiment of the peerless manhood of the Perfect One. O may we dream and strive after the impossible—these are the immortal motives. In the name of our Saviour. Amen.

The Journal of the proceedings of Friday, May 5, 1933, was read and approved.

**PRESIDENT ROOSEVELT'S SPEECH**

Mr. RANKIN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by printing therein the speech delivered by the President of the United States last night.

The SPEAKER. The gentleman from Mississippi asks unanimous consent to extend his remarks in the RECORD by printing the radio address delivered by the President last night. Is there objection?

There was no objection.

Mr. RANKIN. Mr. Speaker, under the permission granted me to extend my remarks in the RECORD, I am inserting the address delivered over the radio last night by President Roosevelt.

It is one of the most reassuring and timely speeches ever delivered by a President and one that has inspired the American people with renewed courage and renewed hope.

The address reads as follows:

THE SECOND RADIO REPORT OF PRESIDENT ROOSEVELT AS TO WHAT THE ADMINISTRATION HAS DONE AND WHAT IT IS PLANNING TO DO

My friends, on a Sunday night a week after my inauguration I used the radio to tell you about the banking crisis and the measures we were taking to meet it. I think that in that way I made clear to the country various facts that might otherwise have been misunderstood and in general provided a means of understanding which did much to restore confidence.

Tonight, 7 weeks later, I come for the second time to give you my report—in the same spirit and by the same means—to tell you about what we have been doing and what we are planning to do.

Two months ago we were facing serious problems. The country was dying by inches. It was dying because trade and commerce had declined to dangerously low levels; prices for basic commodities were such as to destroy the value of the assets of national institutions such as banks, savings banks, insurance companies, and others. These institutions, because of their great needs, were foreclosing mortgages, calling loans, refusing credit. Thus there was actually in process of destruction the property of millions of people who had borrowed the money on that property in terms



of dollars which had had an entirely different value from the level of March, 1933. That situation in that crisis did not call for any complicated consideration of economic panaceas or fancy plans. We were faced by a condition and not a theory.

#### TWO ALTERNATIVES FACED

There were just two alternatives: The first was to allow the foreclosures to continue, credit to be withheld, and money to go into hiding, and thus force liquidation and bankruptcy of banks, railroads, and insurance companies, and a recapitalizing of all business and all property on a lower level. This alternative meant a continuation of what is loosely called "deflation", the net result of which would have been extraordinary hardship on all property owners and, incidentally, extraordinary hardships on all persons working for wages through an increase in unemployment and a further reduction of the wage scale.

It is easy to say that the result of this course would have not only economic effects of a very serious nature but social results that might bring incalculable harm. Even before I was inaugurated I came to the conclusion that such a policy was too much to ask the American people to bear. It involved not only a further loss of homes, farms, savings, and wages, but also a loss of spiritual values—the loss of that sense of security for the present and the future so necessary to the peace and contentment of the individual and of his family. When you destroy these things you will find it difficult to establish confidence of any sort in the future.

It was clear that mere appeals from Washington for confidence and the mere lending of more money to shaky institutions could not stop this downward course. A prompt program, applied as quickly as possible, seemed to me not only justified but imperative to our national security. The Congress—and when I say Congress I mean the Members of both political parties—fully understood this and gave me generous and intelligent support. The Members of Congress realized that the methods of normal times had to be replaced in the emergency by measures which were suited to the serious and pressing requirements of the moment.

#### NO SURRENDER OF POWER

There was no actual surrender of power. Congress still retained its constitutional authority, and no one has the slightest desire to change the balance of these powers. The function of Congress is to decide what has to be done and to select the appropriate agency to carry out its will. This policy it has strictly adhered to. The only thing that has been happening has been to designate the President as the agency to carry out certain of the purposes of the Congress. This was constitutional and in keeping with the past American tradition.

The legislation which has been passed or is in the process of enactment can properly be considered as part of a well-grounded plan.

First, we are giving opportunity of employment to one quarter of a million of the unemployed, especially the young men who have dependents, to go into the forestry and flood-prevention work. This is a big task, because it means feeding, clothing, and caring for nearly twice as many men as we have in the Regular Army itself. In creating this Civilian Conservation Corps we are killing two birds with one stone. We are clearly enhancing the value of our national resources and, second, we are relieving an appreciable amount of actual distress. This great group of men have entered upon their work on a purely voluntary basis, no military training is involved, and we are conserving not only our natural resources but our human resources. One of the great values to this work is the fact that it is direct and requires the intervention of very little machinery.

Second, I have requested the Congress and have secured action upon a proposal to put the great properties owned by our Government at Muscle Shoals to work after long years of wasteful inaction, and with this a broad plan for the improvement of a vast area in the Tennessee Valley. It will add to the comfort and happiness of hundreds of thousands of people and the incidental benefits will reach the entire Nation.

Next, the Congress is about to pass legislation that will greatly ease the mortgage distress among the farmers and the home owners of the Nation, by providing for the easing of the burden of debt now bearing so heavily upon millions of our people.

#### PLANS FOR PUBLIC WORKS

Our next step in seeking immediate relief is a grant of half a billion dollars to help the States, counties, and municipalities in their duty to care for those who need direct and immediate relief.

The Congress also passed legislation authorizing the sale of beer in such States as desired. This has already resulted in considerable reemployment and incidentally has provided much-needed tax revenue.

We are planning to ask the Congress for legislation to enable the Government to undertake public works, thus stimulating directly and indirectly, the employment of many others in well-considered projects.

Further legislation has been taken up which goes much more fundamentally into our economic problems. The farm relief bill seeks by the use of several methods, alone or together, to bring about an increased return to farmers for their major farm products, seeking at the same time to prevent in the days to come disastrous overproduction which so often in the past has kept farm commodity prices far below a reasonable return. This measure provides wide powers for emergencies. The extent of its use will depend entirely upon what the future has in store.

Well-considered and conservative measures will likewise be proposed which will attempt to give to the industrial workers of the country a more fair wage return, prevent cut-throat competition and unduly long hours for labor, and at the same time to encourage each industry to prevent overproduction.

Our railroad bill falls into the same class, because it seeks to provide and make certain definite planning by the railroads themselves, with the assistance of the Government, to eliminate the duplication and waste that is now resulting in railroad receiver-ships and continuing operating deficits.

I am certain that the people of this country understand and approve the broad purposes behind these new governmental policies relating to agriculture and industry and transportation. We found ourselves faced with more agricultural products than we could possibly consume ourselves and surpluses which other nations did not have the cash to buy from us, except at prices ruinously low.

We have found our factories able to turn out more goods than we could possibly consume, and at the same time we were faced with a falling export demand. We found ourselves with more facilities to transport goods and crops than there were goods and crops to be transported.

#### BLAMES LACK OF PLANNING

All of this has been caused in large part by a complete lack of planning and a complete failure to understand the danger signals that have been flying ever since the close of the World War. The people of this country have been erroneously encouraged to believe that they could keep on increasing the output of farm and factory indefinitely and that some magician would find ways and means for that increased output to be consumed with reasonable profit to the producer.

Today we have reason to believe that things are a little better than they were 2 months ago. Industry has picked up, railroads are carrying more freight, farm prices are better; but I am not going to indulge in issuing proclamations of over-enthusiastic assurance. We cannot ballyhoo ourselves back to prosperity. I am going to be honest at all times with the people of the country. I do not want the people of this country to take the foolish course of letting this improvement come back on another speculative wave. I do not want the people to believe that because of unjustified optimism we can resume the ruinous practice of increasing our crop output and our factory output in the hope that a kind Providence will find buyers at high prices. Such a course may bring us immediate and false prosperity, but it will be the kind of prosperity that will lead us into another tail spin.

It is wholly wrong to call the measures that we have taken Government control of farming, control of industry, and control of transportation. It is rather a partnership between Government and farming and industry and transportation—not partnership in profits, for the profits would still go to the citizens, but rather a partnership in planning and partnership to see that the plans are carried out.

Let me illustrate with an example. Take the cotton-goods industry. It is probably true that 90 percent of the cotton manufacturers would agree to eliminate starvation wages, would agree to stop long hours of employment, would agree to stop child labor, would agree to prevent an overproduction that would result in unsalable surpluses. But, what good is such an agreement if the other 10 percent of cotton manufacturers pay starvation wages, require long hours, employ children in their mills, and turn out burdensome surpluses? The unfair 10 percent could produce goods so cheaply that the fair 90 percent would be compelled to meet the unfair conditions.

#### LIFTING ANTITRUST LAWS

Here is where Government comes in. Government ought to have the right and will have the right, after surveying and planning for an industry, to prevent, with the assistance of the overwhelming majority of that industry, unfair practice and to enforce this agreement by the authority of Government.

The so-called "antitrust laws" were intended to prevent the creation of monopolies and to forbid unreasonable profits to those monopolies. That purpose of the antitrust laws must be continued. But these laws were never intended to encourage the kind of unfair competition that results in long hours, starvation wages, and overproduction.

The same principle applies to farm products and to transportation and every other field of organized private industry.

We are working toward a definite goal, which is to prevent the return of conditions which came very close to destroying what we call modern civilization. The actual accomplishment of our purpose cannot be attained in a day. Our policies are wholly within purposes for which our American constitutional Government was established 150 years ago.

I know that the people of this country will understand this and will also understand the spirit in which we are undertaking this policy. I do not deny that we may make mistakes of procedure as we carry out the policy. I have no expectation of making a hit every time I come to bat. What I seek is the highest possible batting average, not only for myself, but for the team. Theodore Roosevelt once said to me: "If I can be right 75 percent of the time, I shall come up to the fullest measure of my hopes."

Much has been said of late about the Federal finances and inflation, the gold standard, and so forth. Let me make the facts very simple and my policy very clear. In the first place, Government credit and Government currency are really one and the same thing. Behind Government bonds there is only a



promise to pay. Behind Government currency we have, in addition to the promise to pay, a reserve of gold and a small reserve of silver.

#### OUR LIMITED GOLD SUPPLY

In this connection it is worth while remembering that in the past the Government has agreed to redeem nearly thirty billions of its debts and its currency in gold and private corporations in this country have agreed to redeem another sixty or seventy billions of securities and mortgages in gold. The Government and private corporations were making these agreements when they knew full well that all of the gold in the United States amounted to only between three and four billions, and that all of the gold in all of the world amounted to only about eleven billions.

If the holders of these promises to pay started in to demand gold, the first-comers would get gold for a few days, and they would amount to about one twenty-fifth of the holders of the securities and the currency. The other 24 people out of 25, who did not happen to be at the top of the line, would be told politely that there was no more gold left. We have decided to treat all 25 in the same way, in the interest of justice and the exercise of the constitutional powers of this Government. We have placed every one on the same basis in order that the general good may be preserved.

Nevertheless, gold, and to a partial extent silver, are perfectly good bases for currency, and that is why I decided not to let any of the gold now in the country go out of it.

A series of conditions arose 3 weeks ago which very readily might have meant, first, a drain on our gold by foreign countries, and secondly, as a result of that, a flight of American capital, in the form of gold, out of our country. It is not exaggerating the possibility to tell you that such an occurrence might well have taken from us the major part of our gold reserve and resulted in such a further weakening of our Government and private credit as to bring on actual panic conditions and the complete stoppage of the wheels of industry.

#### POLICY ON PRICE RAISING

The administration has the definite objective of raising commodity prices to such an extent that those who have borrowed money will, on the average, be able to repay that money in the same kind of dollar which they borrowed. We do not seek to let them get such a cheap dollar that they will be able to pay back a great deal less than they borrowed. In other words, we seek to correct a wrong and not to create another wrong in the opposite direction. That is why powers are being given to the administration to provide, if necessary, for an enlargement of credit, in order to correct the existing wrong. These powers will be used when, as, and if it may be necessary to accomplish the purpose.

Hand in hand with the domestic situation which, of course, is our first concern, is the world situation, and I want to emphasize to you that the domestic situation is inevitably and deeply tied in with the conditions in all of the other nations of the world. In other words, we can get, in all probability, a fair measure of prosperity return in the United States, but it will not be permanent unless we get a return to prosperity all over the world.

In the conferences which we have held and are holding with the leaders of other nations we are seeking four great objectives:

First, a general reduction of armaments, and through this the removal of the fear of invasion and armed attack, and, at the same time, a reduction in armament costs, in order to help in the balancing of government budgets and the reduction of taxation.

Secondly, a cutting down of the trade barriers, in order to start the flow of exchange of crops and goods between nations.

Third, The setting up of a stabilization of currencies, in that trade can make contracts ahead.

Fourth, The reestablishment of friendly relations and greater confidence between all nations.

Our foreign visitors these past 3 weeks have responded to these purposes in a very helpful way. All of the nations have suffered alike in this great depression. They have all reached the conclusion that each can best be helped by the common action of all. It is in this spirit that our visitors have met with us and discussed our common problems. The international conference that lies before us must succeed. The future of the world demands it and we have each of us pledged ourselves to the best joint efforts to that end.

To you, the people of this country, all of us, the Members of the Congress and the members of this administration, owe a profound debt of gratitude. Throughout the depression you have been patient. You have granted us wide powers, you have encouraged us with a widespread approval of our purposes. Every ounce of strength and every resource at our command we have devoted to justifying your confidence. We are encouraged to believe that a wise and sensible beginning has been made. In the present spirit of mutual confidence and mutual encouragement, we go forward.

#### CALVIN COOLIDGE

Mr. TREADWAY. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by printing an address delivered by Mr. Justice Stone in eulogy of the late President Coolidge.

The SPEAKER. Is there objection?

There was no objection.

Mr. TREADWAY. Mr. Speaker, under the permission granted me to extend my remarks in the RECORD, I am in-

serting the address made by Mr. Justice Harlan F. Stone, of the Supreme Court of the United States, at a meeting in memory of Calvin Coolidge held at Northampton, Mass., April 30, 1933.

The address is as follows:

On the 5th of January the country was startled by the announcement of the death at his home in this city of Calvin Coolidge, the thirtieth President of the United States. The very suddenness of his going, without warning, without hint of failing health, gave to his countrymen an indescribable shock and sense of bereavement. The quiet dignity and poise with which he had borne the burden of life had given to those who knew him best an illusion of his abiding physical strength and endurance. Unconsciously they had interpreted it in terms of his long life and long-continued public service. For them it was difficult to comprehend the sad truth that in the sixty-first year of a life devoted to the service of his country that strength and endurance were spent and the end had come. To all came an overwhelming sense of public loss; that in a time of peculiar stress and anxiety his capacity for wise counsel, the steadying influences of his personality and character were lost to the Nation.

His death brought to its conclusion a life of almost continuous public service. From the humblest elective office he had passed, step by step, from post to post, to which he had been chosen by the will of the people, to the highest office in the gift of the Nation—common councilman, solicitor, and mayor of this city, member of the Massachusetts Legislature, senator, Lieutenant Governor, and Governor of the State, Vice President and President of the United States—such is the formal record of his public service. Clearly, as we perceive its distinction and the high qualities he brought to it, its appraisal is not for us or for our generation. That must await the ultimate judgment of history.

We are assembled here today, not to pronounce a final verdict upon it but in the fullness of our hearts, in this all too brief an hour, to speak of him whom we have known as friend and neighbor, and of those attributes of mind and character which made him the man the Nation delighted to honor.

Calvin Coolidge was a distinctive product of New England. The strength and dignity of his character, his sane and balanced judgment, his common sense, were the true inheritance from ancestors who for 3 centuries had dwelt among the rugged hills of New England. John Coolidge, the first American member of the family, came from England in 1630 to the Massachusetts Bay Colony, where he settled in Watertown. In 1780 his descendant, John Coolidge, settled in Plymouth, Vt., which became his home and that of his descendants until the birth of Calvin Coolidge on July 4, 1872, the son of John Coolidge and Victoria Josephine Moor Coolidge. His mother's forbears, who were of Scotch-Welsh ancestry, had long dwelt in New England. From them, as from his paternal ancestors, Calvin Coolidge inherited those qualities of mind and character which, in so many instances, were carried forth from New England to make fruitful the intellectual and spiritual life of the Nation. On both sides his ancestors were of the race of pioneers who, building their homes in the New England wilderness, wrung a scanty livelihood from a reluctant soil. In lives of frugality and self-denial, with humble and unflinching devotion to the principles of religion and education, but with sturdy independence and the will to do battle for the right, they laid the foundations of that intellectual and moral leadership which for more than a century gave New England a dominating influence in American life.

Plymouth, at the time of Calvin Coolidge's birth, was, as it still is, like many another New England hill town. Its great natural beauty is more wild and rugged than that of the gentler slopes with which we are familiar along the Connecticut River Valley. Even when wrapped in the snows of winter, tall pine and verdant spruce and hemlock clothe its heights with a beauty which, entering into the very soul of the New Englander, becomes a permanent part of his being. Remote from cities and from the turmoil of business and industry, life there is simple, natural, and untroubled.

Here Calvin Coolidge spent a youth like that of many another New England country boy. His father was the chief man of the village, farmer, storekeeper, deputy sheriff, and member of the State legislature. He was a competent business man, thrifty, shrewd, and prudent. His integrity and sound judgment commanded the confidence and respect of the countryside. Neither direction nor discipline was wanting in the daily life of the son. There were chores to be done, simply homely duties to be performed. He shared with his father in the work of the farm and the store. Church, school, and the New England town meeting were the institutions which gave direction and character to the life of the community. Honesty, industry, thrift, and careful economy were the rule of his life and those about him. It was a life filled with the petty, but exacting, cares of a small and still primitive country town, a life that present-day boys might regard as dull and irksome. But it never seemed dull to him. In his later years the indelible impressions of his youth were often recalled and stated in terms of the beauty and poetry of the life among his native hills.

The simplicity of that life, its naturalness, its genuineness and essential dignity, had their possibilities of character building to be fully realized only in other times and at other places. Integrity—moral and intellectual—industry, thrift, fidelity to the day's task, however humble, and belief in the worthiness of public service, all his by inheritance, were nurtured and strengthened by environment.



Boy and man he was modest, reticent, silent; he had no small talk. His reticence, his unconquerable aversion to any form of self-advertisement concealed from casual acquaintances the clarity and vigor of his mind and his capacity to form judgments which could be firm and decisive when occasion demanded. Knowledge of these qualities of the inner man came slowly, even to his intimates, but with strangely cumulative force as the years and experience revealed them.

At 12 years of age tragedy came into his life with the death of his mother, then 39 years of age. Of her he said:

"She was practically an invalid ever after I could remember her, but used what strength she had in lavish care upon me and my sister, who was 3 years younger. There was a touch of mysticism and poetry in her nature which made her love to gaze at the purple sunsets and watch the evening stars. Whatever was grand and beautiful in form and color attracted her. It seemed as though the rich green tints of foliage and the blossoms of the flowers came for her in the springtime, and in the autumn it was for her that the mountain sides were struck with crimson and with gold."

Five years later the sister, too, was laid to rest in the Plymouth churchyard with his dead, "pillowed on the breast of the eternal hills."

Some years of the rough-and-ready training of the district school in the little stone schoolhouse of the village, 4 more at the Black River Academy at Ludlow, 12 miles away, interspersed with summer vacations spent in work on the farm, guided his footsteps to the threshold of Amherst College and for the first time into this community which, for most of his life, he was to regard as his home.

Only those who knew the Amherst of his day and in later years came to understand something of the inner workings of his mind can appreciate how profoundly Calvin Coolidge was affected by his experiences at Amherst. It is a small college, but it has always enjoyed the priceless blessing of the presence there of great teachers. For more than a century that presence has meant the intellectual and spiritual rebirth of eager students who have thronged its halls. The unobtrusive, green mountain boy who spent the years 1891 to 1895 in Amherst found there a small group of men who were great teachers because they were great men. Of them, those who, perhaps, made the most profound impression upon him were Professor Morse and Professor Garman. Morse was a teacher of history, of exceptionally enlightened and penetrating mind. All history in his view was to be measured in terms of human progress. The whole range of modern history was his province, but his discussions of the development of party government in the United States were a unique and important contribution in that field. He dealt with political parties as instruments of government essential to the functioning of democracy, by which the will of the people is formulated in public discussion and translated into political action at the polls. It was in the classroom of this gifted teacher that direction was given to that profound insight into the nature and function of party action which was to distinguish the career of his most famous student. It was no accident that Calvin Coolidge, a politician in the truest and noblest sense, always referred, and rightly, to worthy party service as public service.

Garman, the philosopher, taught his students to stand on their own feet intellectually, not to bow blindly and obsequiously to authority, but to be open-eyed seekers of the truth. Of him Calvin Coolidge said, in the full maturity of his judgment and experience: "We looked upon Garman as a man who walked with God. . . . In ethics he taught us that there is a standard of righteousness; that might does not make right; that the end does not justify the means; and that expediency as a working principle is bound to fail. The only hope of perfecting human relationships is in accordance with the law of service under which men are not so solicitous about what they shall get as they are about what they shall give. . . . For a man not to recognize the truth, not to be obedient to law, not to render allegiance to the State, is for him to be at war with his own nature—to commit suicide. That is why 'the wages of sin is death.' Unless we live rationally, we perish, physically, mentally, and spiritually."

These college experiences stirred profoundly the responsive soul beneath the quiet exterior of this New England boy. Repeatedly in after years he was to recur to them specifically or by unmistakable allusion. Calvin Coolidge was not given to self-revelation. But if we search beneath the surface for the guiding principles of his life we shall find them in his lifelong desire to be obedient to truth, to the law of service, and to adhere steadfastly to the principles of the rational life.

Graduating from college in 1895, he began his professional career in the office of prominent lawyers of this city. Here he established his home and maintained it until his death. To it he brought his bride, Grace Goodhue Coolidge, whom he married at Montpelier, Vt., in October, 1905, beginning a married life which, until the moment of his death, continued to be singularly fortunate and happy. Here their children, two sons, were born.

Study and practice of the law in this community and daily contacts with its business and social life completed the preparation for the role which he was to play in the political life of State and Nation. A superlative, natural talent for the art of politics enlisted his interest in the political activities of city and State and gradually drew him away from the practice of his chosen profession, in which he would otherwise have come to a position of leadership. "In general", he said, "only the man of broad and deep understanding of his fellow men can meet with much success in politics." He possessed that understanding in rare degree. That, and the unfailing loyalty and integrity with

which he administered every office for which he was chosen, brought to him success in 18 out of the 19 contests at the polls in which he engaged. They carried him by successive steps from membership in the city council of Northampton to the various other offices of city and State which he occupied, and finally to the Presidency of the United States.

In 1916, after serving in the lower house of the State legislature and after 2 years' service as State senator, he was again elected to the senate and chosen its presiding officer. On that occasion he made a notable address. It was notable in that it gives us, perhaps for the first time, a real insight into his maturing political philosophy, and reveals those qualities of mind which soon were to attract the attention of the Nation and to open the way to the highest office in its gift. Parts of this address were obviously directed to the problems of the hour, and so may now be regarded as but ephemeral, but some of it revealed a profound understanding of the problems of legislation and the enduring principles which should guide political action. Well known as they are, they are, nevertheless, worthy of repetition here.

"Do the day's work", he said. "If it be to protect the rights of the weak, whoever objects, do it. If it be to help a powerful corporation, better to serve the people, whatever the opposition, do that. Expect to be called a standpatter, but don't be a standpatter. Expect to be called a demagogue, but don't be a demagogue. Don't hesitate to be as revolutionary as science. Don't hesitate to be as reactionary as the multiplication table. Don't expect to build up the weak by pulling down the strong. Don't hurry to legislate. Give administration a chance to catch up with legislation."

"We need a broader, firmer, deeper faith in the people—a faith that men desire to do right; that the Commonwealth is founded upon a righteousness which will endure, a reconstructed faith that the final approval of the people is given not to demagogues, slavishly pandering to their selfishness, merchandising with the clamor of the hour, but to statesmen, ministering to their welfare, representing their deep, silent, abiding convictions."

"Statutes must appeal to more than material welfare. Wages won't satisfy, be they ever so large; nor houses; nor lands; nor coupons, though they fall thick as the leaves of autumn. Man has a spiritual nature. Touch it, and it must respond as the magnet responds to the pole. To that, not to selfishness, let the laws of the Commonwealth appeal. Recognize the immortal worth and dignity of man. Let the laws of Massachusetts proclaim to her humblest citizen, performing the most menial task, the recognition of his manhood; the recognition that all men are peers, the humblest with the most exalted; the recognition that all work is glorified. Such is the path to equality before the law. Such is the foundation of liberty under the law. Such is the sublime revelation of man's relation to man—democracy."

Here spoke the genius of New England, intelligently conservative, but also cautiously and wisely progressive; instinct with the spirit of justice for all men, with faith in the capacity of man's spiritual nature to triumph over a sordid materialism; and hence with faith in the capacity of democracy itself to function as both the source and the instrument of good government.

These were profound thoughts to come from the modest Hampshire County politician. Spoken to strengthen the faith of his fellow citizens in Massachusetts, they inspired in all to whom they came a profound faith in the speaker himself. It was a faith which never waned. After another year in the Senate, he took, as had become his habit, a step forward and upward, to become lieutenant governor for 3 years. The office was one involving both executive and administrative duties. It afforded renewed opportunity for public service and training for larger responsibilities which, in 1918, he assumed as Governor of the State.

His two terms as Governor were notable for their wise and efficient administration. In obedience to an amendment of the State constitution requiring reorganization of the administrative agencies of the State government he secured the requisite legislation and carried it into effect with skill and celerity. He did not hesitate to veto several measures, apparently popular, and to expose their fallacies. His first term was proceeding quietly, almost uneventfully, to its end when, within 2 months of the election in which he was to be a candidate for reelection, the State was suddenly thrown into a crisis, which proved to be also the crisis of his life. Efforts had been made to unionize the metropolitan police force of Boston, which was subject, in some very limited respects, to the ultimate authority of the Governor. Nineteen of its members had been tried and dismissed for joining a union in violation of police regulations. A strike of the police force was called and a general strike threatened. Two thirds of its members abandoned their posts and left the city without adequate police protection. The situation speedily became one occasioning grave concern. Here was irreconcilable conflict between supposed private interest and unmistakable public duty. Two paths were open to the Governor—the one, that of political expediency, with its temptation to yield to the exigencies of the moment, that a delusive larger good might come; the other, that of adherence to the principle of the supremacy of the law and the principle that the assumption of duty as guardians of the public safety admits of no conflicting allegiance. His choice was unhesitant, but decisive. As he said of it later, "The right thing to do never requires any subterfuge. It is always simple and direct." Unequivocally, he declared to the leader of organized labor, "You can depend on me to support you in every legal action and sound policy. I am equally determined to defend the sovereignty



of Massachusetts and to maintain the authority and jurisdiction over her public officers where it has been placed by the constitution and laws of her people." That declaration was translated into action.

The significance of his choice was not that it was made as it was; inheritance, training, and the character of the man made that inevitable. Its significance lay in the fact that the event had revealed the man. His action responded to the popular yearning for the public officer who has the faith and courage to take his political life in his hands that right and duty may prevail over expediency. It made him a national figure. Though he declined to authorize the use of his name as a candidate for the Presidency in the election of 1920, there was, nevertheless, widespread popular discussion of his fitness for the office. It resulted in his spontaneous nomination at the convention as candidate for the Vice-Presidency, which was followed by his election, and upon the death of President Harding on August 2, 1923, by his induction into the Presidency. The dramatic picture of the midnight scene when, in the simple surroundings of his Plymouth home, he took the oath of office, administered by his aged father, will long be vibrant in our memory.

The 6 years of his Presidency, we now know, marked the closing of an epoch. The people of the country, after the struggle on European battlefields, were intent on repairing the ravages of war upon our social and economic structure, and upon restoring the current of American life to its normal channels. Depletion of the world's stock of goods by war, the creation of new industries and new methods of production of goods in the mass, were stimulating an abnormal prosperity, with all its temptations to public and private extravagances. Avoidance of waste in public expenditures, the lightening of the burdens of taxation, the tightening of the ancient restrictions upon every form of improvidence in government, the establishment of friendly relations with all peoples, and the promotion of the cause of peace, were the immediate problems of government.

The talents of the new President and his political philosophy were peculiarly adapted to the times and their problems. He came, bringing no new or untried devices for meeting issues which were as old as government itself. In his philosophy of government, as of life, first things came first. The right thing to do was always simple and direct. Its essentials, written by George Mason, one of our wisest political thinkers, into the Virginia bill of rights, was restated in the constitution of Calvin Coolidge's native State: "Frequent recurrences to first principles", it affirms, "and firm adherence to justice, moderation, temperance, industry, and frugality are necessary to preserve the blessings of liberty and keep government free."

His first public speech as President, in New York City, and his first message to Congress outlined the policy of the new administration in plain, simple, and reassuring language. He worked steadily and persistently for the curtailment of public expense. In a single sentence he stated to Congress his unalterable opposition to bonus legislation. Four times during his administration the Internal Revenue System was revised, with the abolition of many taxes and the reduction of others. The national debt was steadily reduced. Every fiber of his being rebelled against governmental extravagance. Both in his public addresses and his practical administration of the National Budget he took infinite pains to give effect to the principle of economy of government. Annually, at a great meeting in Washington, he addressed all the administrative officers of the Government on the importance of the curtailment of Government expenditures. His insistent demand for economy, he said, "is not because I wish to save money, but because I wish to save the people. The men and women of this country who toil are the ones who bear the cost of Government. Every dollar that we carelessly waste means that their life will be so much the more meager. Every dollar that we prudently save means that their life will be so much the more abundant. Economy is idealism in its most practical form." Who, in the crisis of this present hour, viewing this policy in retrospect, can doubt its wisdom or fail to respect his steadfast adherence to it.

Steadily and consistently he promoted the cause of world peace. He favored our entrance to the Permanent Court of International Justice. Our relations with Mexico, for a generation a constant source of irritation and misunderstanding, were established on the firm basis of mutual confidence and good will. The manner in which that surprising change was accomplished, by the selection as Ambassador of his classmate and friend, Dwight Morrow, the man in whose competence for the task he rightly had unbounded confidence, is one of the most interesting chapters in our diplomatic history. It should ever be recalled as an example and reminder of the truth that we cannot hope for permanently peaceful relations with other nations without the mutual concession to each of what is justly its due, the equal recognition of rights, the cultivation of mutual understanding. His every public act, his every utterance concerning our foreign relations, clearly disclosed how thoroughly he understood that for these, the very foundations of any genuine peace, there can be no artificial substitute either by formal convention or by any species of coercion. That spirit inspired his address at the Pan American conference at Habana and animated the negotiations carried on under his direction which led to the ratification of the Paris peace pact by the principal nations of the world.

He had a rare capacity for administration, a talent which his reserve and simplicity of manner have tended to obscure. It was not by chance that the vast stream of public business which flows ceaselessly through the White House offices moved forward during

his administration with singular ease, effectiveness, and dispatch. His long experience in public office had prepared him for the far greater administrative tasks of the Presidency, but it was only the training and stimulation of a natural aptitude. His lifelong habit of economy in the expenditure of words, of time, of effort, speeded the public business. A sure instinct for the essential enabled him to disentangle the fundamental from the extraneous and to deal promptly with questions of policy without burdening himself unnecessarily with detail. He had the rare art, indispensable to efficient Executive action, of never permitting himself to be encumbered with burdens which others could bear. Always accessible to the heads of departments and to all others who had public business to transact, he listened willingly and attentively to a statement of their problems. But he never wasted his time or permitted others to waste it. Those who served in his administration found a durable satisfaction in Government service under such conditions. They made for efficient administration, insured loyal cooperation of all Government officials, and prompt dispatch of the public business. The smooth functioning of the governmental machinery during his administration was the result of the constant vigilance and wise action of one of the most competent administrators who has ever held the Presidential office.

Early in his administration the country was alarmed and dismayed at revelations of scandal at the very seat of the Government. High officials of his own party were implicated or under suspicion. There was grave danger that his administration would be wrecked by the sins of others. Only the most implicit confidence in his integrity, in his will and capacity to guide the Government in the paths of right conduct could have triumphed over that danger. Slow to condemn without adequate cause, unwilling to do injustice to others by listening to false accusations or yielding to popular clamor, he did not deviate from the path of duty. Once and for all he declared himself for the even-handed enforcement of the law. Without hesitation he used the powers of his high office and authorized the Attorney General to use the powers of his own to further the prosecutions which had been ordered and in every other respect to uphold the dignity and honor of the United States.

The revelations of the inner workings of his mind and conscience, which came with cumulative force from his public acts and pronouncements, inspired an extraordinary popular confidence in his honesty and wisdom. They speedily established confidence in the integrity of his administration of the Government. The people knew that no breath of scandal could touch his private or public acts, or those to whom he gave his confidence. Elected to a second term of office by great popular majority, there was an insistent and widespread demand that he should be elected to a third. It seemed certain that for the first time since the Presidency of George Washington, a President of the United States could be elected to a third successive term. His innate modesty, his respect for the traditions of our Government, his sane judgment of what was wise for the country and himself, precluded his taking that step, as inexorably as though it were forbidden by some changeless law of nature. "We draw our Presidents from the people", he said. "It is a wholesome thing for them to return to the people. I came from them; I wish to be one of them." And so in 1929, he returned to this community, as he came from it, and took up again, so far as it is possible for one who has been a President of the United States, the simple life which he had led here before he became a national figure.

Perhaps the most striking evidence of Calvin Coolidge's stability of character and practical wisdom is that all the adulation which is lavished upon a President left him unmoved. His coming to the Presidency was but a renewal, on a larger scale, of the experience which had been progressively repeated after he first ran for the Massachusetts Legislature. He who had been faithful unto a few things had been called upon to rule over many. It seems clear that even then he knew and appraised his own capacity far more accurately than did the public or even his friends. But the appraisal was a modest one, without any taint of exaggeration. Commendably ambitious to carry on his life-long career of public service, he put his faith in the principles that had guided his life and remained as he had always been, the plain, unassuming man. After 6 years in the intoxicating atmosphere of the incense which is burned at the feet of a President, surrounded as is every President, by so many who are eager to say "yes" and fearful to say "no", after an administration universally recognized as wise and successful, he left the Presidency as he came to it, with no inflated notions of his own personal worth and achievements, content to be judged by the faith that was in him.

In retirement he did not forget the dignity of the great office he had held. He turned away from opportunities for money-making in business which involved no public service and might restrict his freedom of action. He gave himself freely to useful public activities not inconsistent with the part he had played in our national life. He continued to serve as a trustee of Amherst College; he became a trustee of a great insurance company, moved by the opportunity presented to encourage habits of saving and thrift. He became president of the American Antiquarian Society. From time to time he published in the public prints articles in various form concerning his own biography, noncontroversial problems of government, and current events. In their quaint and homely philosophy, in their simplicity and directness, their appeal to the common sense and worthy aspirations of the great mass of the people, and in their wholesome influence they remind of the similar utterances of Benjamin Franklin, a great American of another day.



One cannot contemplate this unique career without being aware that there was something in the personality of this self-contained, self-effacing, silent man which baffles analysis, which seems at odds with the courageous, clear-thinking, efficient man whom ultimately all the world has come to know. We shall understand that personality only if we remember that devotion to the public service was its energizing force, that its ruling passion was to do worthily the worthy task which lay nearest at hand and to leave it unadvertised. To each task he brought, with unfailing devotion, all the resources of a sterling character and of an orderly and disciplined mind which instinctively made principle rather than expediency the test of action. The principles of government he reduced to their simplest terms and applied them directly without evasion or subterfuge. Government itself, in his estimation, like man's relation to man, rested on a spiritual basis. Yet there was a place in his philosophy for every human activity and interest which contribute to the public well-being. Hence the dignity and worthiness of work and the sanctity of rights of property were essential tenets of his belief. "People are entitled to the rewards of their industry," he said. "What they earn is theirs, no matter how small or how great. But the possession of property carries the obligation to use it in a larger service." Still, in his personal life material things found no place. He neither sought nor cared for wealth or possessions. Spiritual values were what counted with him. Things were important only insofar as they had a spiritual significance. "No person," he said, "was ever honored for what he received. Honor has been the reward for what he gave." "We do not need more of the things that are seen. We need more of the things that are unseen."

His undemonstrative exterior could not conceal the kindness of his disposition and an almost passionate desire in all his dealings with men to keep faith and to avoid injustice to others. Slow to promise, the promise, once given, was a sacred obligation. Any attack directed against one upon whose action, character, or ability he had to pass judgment at once stirred him to come to the defense of the accused. This was no indication of what the final judgment might be. It seemed rather that his own tolerant spirit and sense of justice were roused to bar the way to hasty condemnation; that he was instinctively guarding against the wrong that might be done to others and to himself by any ill-considered or one-sided judgment. Even his political opponents recognized and respected this sense of obligation and the love of justice which unfailingly controlled his action. Enmities played no part in his life. He bore no grudges and inspired none. After more than 30 years of active political life, he left office with the esteem and affection of his countrymen, which knew no party boundaries.

He was a deeply religious man. Although religion was in the daily atmosphere of his boyhood home, his religion was neither an inheritance nor a mere habit. It was the deliberate, considerate choice of a man who ever sought the path of right and truth. It was not worn as a garment for the world to see, but reserved for the guidance of the inner man, regardless of what others might think or say.

He was a scholarly man, widely read in the fields of history and government. Wise in the ways of man by contact and experience, he retained through life the capacity to learn from books.

Sparing of speech, he nevertheless made many public addresses. Uniformly elevated in thought, their simplicity and directness, the poetry of their expression and allusion, gave them a distinguished quality of literary excellence rising at times to the heights of true eloquence. Those were noble lines spoken at the three hundredth anniversary of the landing of the Pilgrims at Plymouth, Mass.:

"Plymouth Rock does not mark a beginning or an end. It marks a revelation of that which is without beginning and without end—a purpose, shining through eternity with a resplendent light, undimmed even by the imperfections of men; and a response, an answering purpose, from those who, oblivious, disdainful of all else, sailed hither, seeking only for an avenue for the immortal soul."

Touching in their simple eloquence are the words spoken in an address in memory of Theodore Roosevelt:

"No man was ever meanly born. About his cradle is the wondrous miracle of life. He may descend into the depths, he may live in infamy and perish miserably, but he is born great. Men build monuments above the graves of their heroes to mark the end of a great life, but women seek out the birthplace and build their shrine, not where a great life had its ending but where it had its beginning, seeking with a truer instinct the common source of things not in that which is gone forever but in that which they know will again be manifest. Life may depart, but the source of life is constant."

We shall not understand the man or form a correct estimate of his life if we leave out of account the part Mrs. Coolidge played in it. Her unfailing graciousness and tact, her natural charm, her vivacity, her intelligence and intuitive good judgment, were aids of inestimable value in smoothing the pathway of his life, in interpreting him to his countrymen, and in gaining for both the abiding respect and affection of the Nation.

If by some miracle Calvin Coolidge could have been induced to give his own estimate of his character and attainments it is certain that he would have disclaimed any exceptional personal merit. He would have attributed his success to the validity of the principles of action to which he had given his adherence. To remain through life the steadfast seeker for the truth, to follow its light without faltering, patiently, persistently, and courageously, is the very soul of wisdom and the foundation upon

which most great careers are built. It was the almost instinctive recognition of this side of his character which inspired the extraordinary public confidence in him. As that and the simplicity of his tastes, his shrewdness, his all-embracing intellectual honesty, his sense of humor, revealed to those about him in quaint and pithy phrase, became known, they won to him the sympathetic understanding of his countrymen. They gave to him a moral power such as no other has wielded in our generation.

Hence it is that, as distinguished as is Calvin Coolidge's public service, it is what he was, typifying the faith and aspirations of the great mass of the people, even more than what he did, which gives his career its true significance and will finally determine its place in history.

It is a comforting thought, inspiring renewed confidence in the future, that in times when mere material values have seemed to outweigh things of the mind and spirit, sheer force of character has made so profound an impression, and that its example is so universally cherished. "Righteousness exalteth the Nation." The Nation exalts itself in doing honor to this man, who, above all else, put his faith in righteousness as the rule of life—as the indispensable principle of government.

#### INVESTIGATION OF JUDGE JAMES A. LOWELL

Mr. WARREN. Mr. Speaker, I call up House Resolution 132 from the Committee on Accounts and ask that it be read:

The Clerk read as follows:

#### House Resolution 132

*Resolved*, That the expenses of conducting the investigation authorized by House Resolution 120, authorizing the Judiciary Committee to investigate the official conduct of James A. Lowell, a district judge for the United States District Court for the District of Massachusetts, shall be paid out of the contingent fund of the House on vouchers authorized by the committee, signed by the chairman thereof, and approved by the Committee on Accounts, but shall not exceed \$5,000.

Mr. WARREN. Mr. Speaker, on April 26, 1933, the House passed a resolution authorizing an investigation of the official conduct of Judge James A. Lowell, and attempted at the same time to appropriate \$5,000 for that purpose. Under the faulty resolution passed by the House the Committee on Accounts has no authority whatever to approve a single voucher. This invariably happens every time there is an attempt made in the House to overrule the Committee on Accounts, which is properly the auditing committee of the House, and I believe that the House desires that it continue to be the auditing committee for these investigations. I can personally testify that during the last 8 years the Committee on Accounts has saved thousands of dollars because of its close scrutiny of the expenditures of these investigations. This is merely to remedy the defect in the original resolution.

Mr. SNELL. Mr. Speaker, will the gentleman yield?

Mr. WARREN. Yes.

Mr. SNELL. I did not understand how the gentleman is going to remedy that defect.

Mr. WARREN. The House by roll-call vote attempted to appropriate \$5,000 for this investigation. The Committee on Accounts has no authority to approve vouchers under the resolution as passed by the House. The gentleman from Virginia [Mr. SMITH] has introduced this resolution, which has been referred to the Committee on Accounts in the usual form, and I am now calling that resolution up for passage.

Mr. SNELL. And that leaves the matter entirely up to the Committee on Accounts?

Mr. WARREN. Yes.

Mr. BLANTON. Mr. Speaker, will the gentleman yield?

Mr. WARREN. Yes.

Mr. BLANTON. This particular \$5,000 is to be expended for what investigation?

Mr. WARREN. For investigation into the official conduct of Judge James A. Lowell, of Massachusetts.

Mr. BLANTON. Did the resolution to investigate first go to the Committee on the Judiciary?

Mr. WARREN. It did not go to any committee. I was unavoidably absent from the House when the resolution came up. That prevented my making a point of order at that time. I am always going to make these points of order.

Mr. BLANTON. Does not the gentleman think that such a resolution as that, before it receives the approval of this House, ought to go to the Committee on the Judiciary and receive its approval?



Mr. WARREN. As I understand it, the resolution as presented by the gentleman from Virginia on April 26 was privileged.

Mr. BLANTON. And unless we pass this resolution there will be no money appropriated or spent?

Mr. WARREN. That is correct.

Mr. BLANTON. Why does not the gentleman let the matter remain in status quo until it does go to a proper committee? If there is no danger of spending any money, why worry?

Mr. WARREN. Because the House by a roll-call vote authorized this investigation, and the Committee on Accounts thinks that the fair thing to do is to carry out the purpose and the intent of the House.

Mr. BLANTON. Then, under the gentleman's resolution, the whole matter goes to his committee; and if his committee thinks this ought not to be spent, it will turn it down. Is that the situation?

Mr. WARREN. No; that is not the situation.

Mr. BLANTON. What will be the effect of the gentleman's action?

Mr. WARREN. The Committee on Accounts will merely approve the expenditures up to \$5,000.

Mr. BLANTON. Blindly, without giving the proposed expenditure due consideration, without even casually thinking about it?

Mr. WARREN. The Committee on Accounts would only have authority to audit and scrutinize the expenditures made out of the \$5,000 upon approval by the Chairman of the Committee on the Judiciary, and this the committee will do.

Mr. BLANTON. I am against wasting money on useless investigations, and from now on I am going to try to stop them. But in view of the fact that the House has determined that this one is wise and necessary, and I have confidence in my friend and his committee, I am willing to vote for this resolution.

Mr. COCHRAN of Missouri. Mr. Speaker, will the gentleman yield me 3 minutes?

Mr. WARREN. Mr. Speaker, I yield 3 minutes to the gentleman from Missouri [Mr. COCHRAN].

Mr. COCHRAN of Missouri. Mr. Speaker, I opposed the original resolution when it was pending on the floor of the House. I opposed this resolution in the committee last week.

I think the action taken by the House in passing the original resolution was a mistake, and I am not considering the merits of the case which caused this action. I feel that the resolution that was passed is full of TNT. I recall, and the older Members here will recall, that there is a blot upon the record of this House that will never be erased. I refer to the Victor Berger case. Victor Berger, the leader of the school of thought of his political party, was convicted by a United States district court of violating the Espionage Act, and on that account he was denied a seat in this body. His case went to the court of appeals, and the court of appeals unanimously said that he was not guilty.

He went back to his people and was reelected to this House and he was received here with open arms. An innocent man was denied a seat in this House because a lower court had held he was guilty.

Now, what is the situation here? A district judge renders a certain decision and it is proposed to investigate the act of that district judge. The case has now gone to the court of appeals. If the court of appeals affirms the decision, stands by the district judge, are you not in honor bound to investigate the entire membership of the court of appeals? I say the Committee on the Judiciary should wait until this case is finally determined by the courts having jurisdiction. It will be time enough to act after the last court has said the final word. I simply wanted to state for the RECORD why I oppose the resolution.

Mr. WARREN. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on agreeing to the resolution.

The question was taken; and on a division (demanded by Mr. BLANCHARD) there were yeas 109 and noes 60.

Mr. DE PRIEST. Mr. Speaker, I make the point of order that there is not a quorum present, and I object to the vote on that ground.

The SPEAKER. The Chair will count. [After counting.] Two hundred and eighteen Members are present, a quorum.

Mr. DE PRIEST. Mr. Speaker, I ask for the yeas and nays.

The SPEAKER. As many as favor taking this vote by the yeas and nays will stand and remain standing until counted. [After counting.] Forty-five Members have arisen, a sufficient number.

The yeas and nays were ordered.

The question was taken; and there were—yeas 186, nays 160, answered "present" 8, not voting 77, as follows:

[Roll No. 34]

YEAS—186

Abernethy	Dingell	Lemke	Ruffin
Allgood	Disney	Lesinski	Sanders
Bailey	Dobbins	Lewis, Md.	Sandlin
Beam	Dockweiler	Lloyd	Scrugham
Beiter	Doughton	Lozier	Sears
Berlin	Doxey	McCarthy	Shallenberger
Biermann	Driver	McClintic	Sirovich
Bland	Duncan, Mo.	McFadden	Sisson
Blanton	Eagle	McFarlane	Smith, Va.
Bolleau	Ellzey, Miss.	McKeown	Snyder
Brennan	Faddis	McMillan	Spence
Brown, Ky.	Flannagan	McReynolds	Steagall
Brown, Mich.	Frear	McSwain	Strong, Tex.
Browning	Fuller	Maloney, La.	Stubbs
Buck	Fulmer	Mansfield	Swank
Bulwinkle	Gambrill	May	Tarver
Burch	Gasque	Meeks	Taylor, Colo.
Burke, Calif.	Glover	Miller	Taylor, S.C.
Byrns	Green	Milligan	Terrell
Cady	Greenwood	Mitchell	Thom
Caldwell	Gregory	Monaghan	Thomason, Tex.
Cannon, Mo.	Griffin	Montet	Thompson, Ill.
Carden	Haines	Moran	Turner
Cary	Hamilton	Morehead	Umstead
Castellow	Hart	Murdock	Underwood
Chapman	Hastings	Nesbit	Utterback
Chavez	Hildebrandt	O'Connell	Vinson, Ga.
Church	Hill, Ala.	O'Connor	Vinson, Ky.
Clark, N.C.	Hill, Knute	O'Malley	Wallgren
Coffin	Hill, Samuel B.	Oliver, Ala.	Warren
Colden	Huddleston	Palmisano	Weaver
Cole	Jacobsen	Parker, Ga.	Weideman
Colmer	Jeffers	Parks	Welch
Cooper, Tenn.	Johnson, Minn.	Patman	Werner
Corning	Johnson, Okla.	Peavey	West, Ohio
Cox	Johnson, Tex.	Peterson	West, Tex.
Cravens	Jones	Polk	White
Crosby	Kee	Pou	Whittington
Cross	Kemp	Ramsay	Wilcox
Crowe	Kerr	Ramspeck	Willford
Cummings	Kleberg	Randolph	Williams
Darden	Kocalkowski	Rankin	Wilson
Dear	Kramer	Rayburn	Withrow
Deen	Kvale	Richards	Wood, Ga.
DeRouen	Lambeth	Robertson	Woodrum
Dickinson	Lanham	Robinson	
Dies	Lee, Mo.	Rogers, Okla.	

NAYS—160

Allen	Connolly	Ford	Johnson, W. Va.
Andrew, Mass.	Cooper, Ohio	Foss	Kahn
Andrews, N.Y.	Crosser	Gibson	Keller
Bacon	Crowther	Gilchrist	Kelly, Ill.
Beck	Culkin	Gillespie	Kelly, Pa.
Blanchard	Darrow	Gillette	Kennedy
Bloom	Delaney	Goss	Kinzer
Boehne	De Priest	Granfield	Kloeb
Boland	Dirksen	Gray	Kniffin
Bolton	Dondero	Griswold	Knutson
Britten	Douglass	Guyer	Kopplemann
Brumm	Doutrich	Hancock, N.Y.	Lambertson
Burke, Nebr.	Dowell	Harlan	Lamneck
Burnham	Duffey	Harter	Lanzetta
Cannon, Wis.	Durgan, Ind.	Hartley	Larrabee
Carpenter, Kans.	Eaton	Healey	Lehlbach
Carter, Calif.	Edmonds	Hess	Lindsay
Carter, Wyo.	Elcher	Hoepfel	Luca
Cavicchia	Elise, Calif.	Hollister	Ludlow
Celler	Englebright	Holmes	Lundeen
Chase	Evans	Hooper	McCormack
Christianson	Farley	Hope	McGrath
Clarke, N.Y.	Flesinger	Hughes	McGugin
Cochran, Mo.	Fish	Imhoff	McLean
Cochran, Pa.	Fitzgibbons	James	McLeod
Collins, Calif.	Fitzpatrick	Jenckes	Maloney, Conn.
Connery	Fletcher	Jenkins	Mapes



Marshall	Pierce	Shoemaker	Traeger
Martin, Colo.	Powers	Sinclair	Treadway
Martin, Mass.	Ransley	Smith, W. Va.	Truax
Martin, Oreg.	Relly	Snell	Turpin
Mead	Rich	Stalker	Walter
Merritt	Richardson	Studley	Watson
Millard	Rogers, Mass.	Sutphin	Wearin
Mott	Rogers, N.H.	Sweeney	Whitley
Musselwhite	Schaefer	Swick	Wigglesworth
Parker, N.Y.	Schuetz	Taber	Wolcott
Parsons	Schulte	Taylor, Tenn.	Wolverton
Pettengill	Secrest	Thurston	Woodruff
Peyser	Seger	Tinkham	Young

## ANSWERED "PRESENT"—8

Adams	Condon	Kurtz	Major
Beedy	Dunn	Lewis, Colo.	Sumners, Tex.

## NOT VOTING—77

Adair	Cartwright	Howard	Romjue
Almon	Claiborne	Kennedy, Md.	Rudd
Arens	Collins, Miss.	Kennedy, N.Y.	Sabath
Arnold	Crump	Lea, Calif.	Sadowski
Auf der Heide	Cullen	Lehr	Shannon
Ayers, Mont.	Dickstein	McDuffie	Simpson
Ayres, Kans.	Ditter	Marland	Smith, Wash.
Bacharach	Drewry	Montague	Somers, N.Y.
Bakewell	Fernandez	Moynihan	Stokes
Bankhead	Focht	Muldowney	Strong, Pa.
Black	Foulkes	Norton	Sullivan
Boylan	Gavagan	O'Brien	Tobey
Brand	Gifford	Oliver, N.Y.	Wadsworth
Brooks	Goldsborough	Owen	Waldron
Brunner	Goodwin	Perkins	Wolfenden
Buchanan	Hancock, N.C.	Prall	Wood, Mo.
Buckbee	Henney	Ragon	Zioncheck
Busby	Higgins	Reece	
Carley	Hoidale	Reed, N.Y.	
Carpenter, Nebr.	Hornor	Reid, Ill.	

So the resolution was agreed to.

The Clerk announced the following pairs:  
On this vote:

Mr. Cartwright (for) with Mr. Wadsworth (against).  
Mr. Brand (for) with Mr. Wolfenden (against).  
Mr. Drewry (for) with Mr. Bacharach (against).  
Mr. Montague (for) with Mr. Reed of New York (against).  
Mr. Owen (for) with Mr. Tobey (against).  
Mr. Almon (for) with Mr. Gavagan (against).  
Mr. Hancock of North Carolina (for) with Mr. Cullen (against).  
Mr. Bankhead (for) with Mr. Ditter (against).  
Mr. McDuffie (for) with Mr. Bakewell (against).  
Mr. Fernandez (for) with Mr. Muldowney (against).  
Mr. Busby (for) with Mr. Goodwin (against).  
Mr. Hornor (for) with Mr. Prall (against).  
Mr. Ragon (for) with Mr. Rudd (against).  
Mr. Ayers of Montana (for) with Mr. Adair (against).  
Mr. Collins (for) with Mr. Sullivan (against).  
Mr. Goldsborough (for) with Mr. Auf der Heide (against).  
Mr. Kennedy of Maryland (for) with Mr. O'Brien (against).

## General pairs:

Mrs. Norton with Mr. Simpson.  
Mr. Ayres of Kansas with Mr. Gifford.  
Mr. Kennedy of New York with Mr. Buckbee.  
Mr. Buchanan with Mr. Higgins.  
Mr. Arnold with Mr. Perkins.  
Mr. Somers of New York with Mr. Reid of Illinois.  
Mr. Carley with Mr. Waldron.  
Mr. Dickstein with Mr. Reece.  
Mr. Crump with Mr. Focht.  
Mr. Claiborne with Mr. Moynihan.  
Mr. Brunner with Mr. Strong of Pennsylvania.  
Mr. Howard with Mr. Stokes.  
Mr. Romjue with Mr. Arens.  
Mr. Oliver of New York with Mr. Zioncheck.  
Mr. Boylan with Mr. Lehr.  
Mr. Black with Mr. Brooks.  
Mr. Shannon with Mr. Carpenter of Nebraska.  
Mr. Smith of Washington with Mr. Wood of Missouri.  
Mr. Henney with Mr. Hoidale.  
Mr. Marland with Mr. Foulkes.

Mr. JOHNSON of Oklahoma. Mr. Speaker, my colleague, Mr. CARTWRIGHT, is unavoidably absent. I am authorized to say if he were present he would vote "aye."

The result of the vote was announced as above recorded.

On motion by Mr. WARREN, a motion to reconsider the vote by which the resolution was agreed to was laid on the table.

## MUSCLE SHOALS

Mr. POU, from the Committee on Rules, submitted the following privileged report (H.Res. 131) on the bill, H.R. 5081, for printing under the rules:

## House Resolution 131

*Resolved*, That immediately upon the adoption of this resolution, the bill (H.R. 5081) entitled "A bill to provide for the common defense; to aid interstate commerce by navigation; to provide

flood control; to promote the general welfare by creating the Tennessee Valley Authority; to operate the Muscle Shoals properties; and to encourage agricultural, industrial, and economic development" be, and the same is hereby, taken from the Speaker's table to the end that the amendment of the Senate be, and the same is hereby, disagreed to and a conference is requested with the Senate on the disagreeing votes of the two Houses.

## ELECTION OF MEMBERS TO STANDING COMMITTEES

Mr. DOUGHTON. Mr. Speaker, I present the following privileged resolution and move its adoption.

The Clerk read as follows:

## House Resolution 134

*Resolved*, That the following Members be, and they are hereby, elected members of the following standing committees of the House of Representatives, to wit:

Merchant Marine, Radio, and Fisheries: JOE H. EAGLE, Texas.

Mines and Mining: ALBERT C. WILLFORD, Iowa.

Elections No. 1: MILTON H. WEST, Texas.

Immigration and Naturalization: MILTON H. WEST, Texas.

Irrigation and Reclamation: MILTON H. WEST, Texas.

The resolution was agreed to.

## THE MEMORY OF SHAKESPEARE

Mr. RANKIN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by inserting a speech made by the distinguished gentleman from Pennsylvania, Mr. BECK.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi [Mr. RANKIN]?

There was no objection.

Mr. RANKIN. Mr. Speaker, under the permission granted me to extend my remarks in the RECORD, I take pleasure in inserting an address delivered by the distinguished gentleman from Pennsylvania [Mr. BECK] in the National Cathedral in Washington on April 23, 1933, the anniversary of the birth and also of the death of the "myriad-minded" Shakespeare, the "greatest genius of the human race."

It has been said that three things are necessary for the performance of a great accomplishment: the man, the hour, and the opportunity. These three requisites were happily combined when the able and learned gentleman from Pennsylvania was called upon to speak on this anniversary occasion on the life and works of the man whose writings did more to shape the course of our western civilization than of any other human being who ever lived "in the tides of time."

His address is a masterpiece and one that will be read and enjoyed by the intelligent people of the English-speaking world long after we have all passed away.

The address follows:

This is St. George's Day. The revered, but somewhat mythical, Saint has symbolized for centuries the romance and chivalry of the English race. On the Sunday following the armistice it was my privilege to speak from the pulpit of an Anglican church in England. One half of my audience were wounded English soldiers, and the valor and fortitude they represented seemed to illustrate the flaming line of Shakespeare:

"Our ancient work of courage—fair St. George!"

It is a happy coincidence that on St. George's Day, William Shakespeare was born, and on the same saint's day he died, 52 years later, for no one has ever given nobler expression to the higher ideals and heroic chivalry of the English-speaking race than the Stratford poet. Equally happy is the fact that he was born in the spring, when nature's loveliest poems, the flowers, "do paint the meadows with delight", for he was destined to bring into the world the eternal spring of a beautiful and noble imagination, and his books reveal that he loved nothing more than the beauties of nature.

Shakespeare's medium was the theater, and the theater is the child of the church, for it developed from the mystery and morality plays, with which the medieval church sought to dramatize either the great stories of the Bible or the sublime moralities of Holy Writ. It is an infinite pity that the theater, potentially one of the noblest cultural institutions of mankind, should have wandered so far from its mother's influences. Its debasement through the inordinate spirit of commercialism is an immeasurable waste of a great moral and cultural asset.

Of all the children of men, who have written for the theater, incomparably the greatest is William Shakespeare. This is now the common verdict of mankind.

You can measure the magnitude of his achievement, if you will go to the Folger Shakespeare Library in Washington—the noblest memorial to the great poet in all the world—and you will see, in the great reading room, more than 2,000 separate editions



of Shakespeare, and that treasure house contains more than 70,000 volumes, relating in some degree to the great poet. Perhaps the most striking tribute to the timeless substance of his reputation is that stated by one of his greatest editors, Dr. Furness, in the introduction of the variorum edition of Hamlet. Speaking of this character of Hamlet, he says:

"No one of mortal mold 'save Him whose blessed feet were nailed for our advantage to the bitter cross' [a quotation from Shakespeare] ever trod this earth commanding such absorbing interest as this Hamlet, this mere creation of a poet's brain. No syllable that he whispered, no word let fall by anyone near him, but is caught and pondered as no words have ever been, except of Holy Writ. Upon no throne built by mortal hands has ever beat so fierce a light as upon that airy fabric reared at Elsinore."

Of Shakespeare's personality, we know little, but that little is favorable. The uniform testimony of those who knew him was that he was a man of an open, frank nature, whose distinguishing quality was his gentleness. His associates felt for him not only unbounded admiration, but a feeling of deep affection. Long after his death, his great rival said that he loved the man "this side of idolatry", and his fellow actors, who piously collected his plays after his death, gave as their excuse that their purpose was not one of self-profit or fame, but simply to keep alive the memory of "so worthy a man as was our Shakespeare." Note the affection of the pronoun.

Of his many-sided greatness there is no time to speak; and even if there were, words would be inadequate. But it seems appropriate in this sacred edifice to dwell briefly upon the relation, if any, which Shakespeare's moral philosophy bears to the eternal truths of revealed religion.

That he was a churchman, at least in the outward observance of the ceremonials of the Anglican Church, is evidenced by the unquestioned records of his family life. In an Anglican Church he was baptized, and within its chancel he is buried.

I like to think of him in the evening of his life, sitting on a Sunday in the lovely church on the sweetly flowing Avon, listening to the noble ritual of the church, and pondering with that great mind of his upon the utterances of the preacher. He died when only 52 years of age; and had he been given his threescore and ten, who can say what profound play he might have written, of a deeply religious character?

His mighty verse contains many references to Biblical events and Scriptural truths. While many of these are casual and perfunctory, yet some contain very tender allusions to the doctrines of Christianity. What nobler gloss is there in all literature upon the beatitude "Blessed are the merciful, for they shall obtain mercy", than Portia's exquisitely beautiful plea for mercy, in which she refers to the Lord's Prayer in the words:

"We all do pray for mercy, and that same prayer should teach us all to render the deeds of mercy."

And was ever the spirit of Christmastide more beautifully expressed than in Hamlet, where Marcellus says:

"Some say, that ever 'gainst that season comes  
Wherein our Savior's birth is celebrated,  
This bird of dawning singeth all night long;  
And then, they say, no spirit dare walk  
abroad;  
The nights are wholesome; then no planets  
strike,  
No fairy takes, nor witch hath power to  
charm,  
So hallow'd and so gracious is that time."

We are however more concerned with the answer, if any, which Shakespeare sought to give to the unsolved problems of life. The great tragedies which he largely wrote in the middle period of his life and which superficially seem to suggest his belief in an irresistible and implacable fate—like the ananke of the Greek tragedies—do not themselves indicate that Shakespeare regarded the moral world an unfathomable vacuum. If any deduction can be drawn from the nature of his plots—nearly all of which he borrowed from older sources—then it is significant that in his later plays, written in his last years in the quiet of his Stratford home, the sweeter themes of repentance, kindness, and mercy seem to animate his verse. While I have always distrusted the autobiographical interpretation of Shakespeare's plays, yet it may be true that from the exuberant joy of his youth, when his finest comedies and noblest histories were written, he may have passed, in middle life, into the dark shadow of a moral crisis, from which he emerged in his later years with a larger spirit of kindness, magnanimity, and faith. If so, it was as "light at eventide."

While he did not believe in fate, in the Greek sense of an implacable power which predetermines our existence and determines our destiny beyond any power of volition on our part, yet he did recognize the fateful part that even a trivial accident can play in the life of a man. But he always recognized that it was the conjunction of accident with some fatal defect in character that brought about a tragic result. He believed that man was "master of his soul and captain of his fate", provided that he had the character to cope with adverse circumstance. Man is not a mere pawn to be moved on the chessboard of life by an all-powerful and implacable destiny. As he made his Cassius say: "The fault, dear Brutus, is not in our stars, but in ourselves, that we are underlings."

The only fatality that Shakespeare recognizes is a fatality that springs from the man himself. In this respect he was a stern moralist, for, as previously suggested, he believed that an other-

wise noble nature might be destroyed by a single defect. This was the keynote to Hamlet, for he tells us in one of the most disputed passages that one "dram of evil" can corrupt the noble substance of a man. With Macbeth it was ambition; with Hamlet, lack of faith; with Coriolanus, a spiritual arrogance; with Brutus, a visionary idealism; with Lear, a too impulsive and passionate nature, aggravated by senile decay. Given a well-balanced character a man can overcome adverse circumstance and can see "tongues in trees, books in the running brook, sermons in stones, and good in everything."

Throughout all his plays, there is the finest recognition of all that is noble and great in human nature, and a corresponding dislike of all that is base and trivial, so that one of his greatest critics, Coleridge, could say with truth that Shakespeare "was a writer, of all others, the most calculated to make his readers better as well as wiser."

This may be said with frank recognition, that a relatively small part of his works contains passages which on the ground of propriety could have been profitably omitted. The conventions of his age explain, but cannot justify his rare lapses in good taste.

While he had an inextinguishable hatred of the meaner vices, like hypocrisy and ingratitude, yet, for the common frailties of human nature, he had only a tolerant pity, for he said, "Forbear to judge, for we are sinners all." And, again, in the words of Rosalind:

"I will chide no breather alive except myself,  
Against whom I know most faults."

A gloss upon the saying, "Judge not and ye shall not be judged."

I do not suggest that Shakespeare was consciously a moral preacher. Primarily, he wrote for the theater, and nothing was further from his purpose than to usurp the function of the church. Yet those who will search diligently his masterful writings, and disregard the incidents of borrowed plots and the utterances of individual characters (which do not always represent Shakespeare's own views), will find that independent of both plot and character there is often a lofty moral purpose in Shakespeare's writing and a devout belief in an overruling Providence.

Let me illustrate this by a reference to a single play, Hamlet, by common consent the greatest of his tragedies, in which Shakespeare depicts a noble mind for a time enveloped in the dark shadow of unbelief, who was finally brought to believe in an overruling Providence. He makes this character say, as the keynote to the tragedy, that it is not enough for a man to be preponderantly good, for one "dram of evil" may bring a noble character to ruin.

In my judgment the two greatest dramatic compositions in all literature are the Book of Job and the tragedy of Hamlet. Of the two, the earlier dramatic poem is the greater, for never in my judgment has the human mind risen on the wings of imagination to such sublime heights as in this dramatic poem, possibly written by some nomad chief, who, with the infinitude of the desert about him and the starry sky as his ceiling, tried to penetrate the greatest of all mysteries of human life, namely, the dark enigma of evil in the world.

Only secondary to the Book of Job is this masterpiece of the English poet, who addresses himself to the same eternal question. The two plays differ in detail, but not in kind: The old patriarch, Job, overwhelmed by his sorrows, curses the day of his birth, longs for death, and challenges the justice of God in imposing unmerited sufferings upon him. Having heard his lamentations, the Almighty answers him out of the whirlwind by the eternal reply:

"Who is this that darkeneth counsel by words without knowledge?  
Where wast thou when I laid the foundations of the earth?"

And Job, appalled at his own audacity in questioning the design of an overruling Providence, bows in resignation to the eternal will.

The problem is the same in Hamlet. It is true that Hamlet does not suffer, as Job does, in his material possessions or in his physical well-being. From a material standpoint he has everything that a man would wish, but that which appalled him, as the sufferings of Job appalled Job, was the iniquity of the world.

Coming from college, he found the illusions of his youth wholly shattered. The ways of life became "stale, flat, and unprofitable." Life was an "unweeded garden, that grows to seed; things rank and gross in nature possess it merely." The world was a prison and Denmark one of the worst of its dungeons. Losing faith not only in himself, his fellow men, and the work appointed to him to do, but even in his God, Hamlet longs for death, and the purpose of the poet in developing the agnosticism of Hamlet is strikingly shown in a change that he made in the "To be or not to be" soliloquy, between the first version of the play and the second.

He is wondering why men endure the wickedness of the world when a voluntary exit is so easy, and in the first version he says:

"And in the dream of death when we awake  
And borne before an everlasting Judge,  
From whence no passenger ever returned,  
The undiscover'd country at whose sight  
The happy smile and the accursed damn,  
But for this the joyful hope of this"—

And so forth. In other words, he says that it is the hope of a better life, where all will be made right, that puzzles us here, which deters man from violating the canon against self-slaughter.



But when he revises the play, he gives as a reason for men's willingness to live:

"But that the dread of something after death,  
The undiscover'd country, from whose bourn  
No traveler returns, puzzles the will,  
And makes us rather bear those ills we have  
Than fly to others that we know not of?"

The depth of his skepticism is even more strikingly illustrated in one of the noblest, and yet most terrible, passages of Shakespeare. In explaining to his friends the cause of his melancholy, Hamlet says:

"I have of late—but wherefore I know not—lost all my mirth; foregone all custom of exercise; and indeed it goes so heavily with my disposition that this goodly frame, the earth, seems to me a sterile promontory; this most excellent canopy, the air—look you!—this brave o'erhanging firmament, this majestical roof fretted with golden fire—why, it appears no other thing to me but a foul and pestilent congregation of vapors."

The dismal teachings of science cannot go further than this picture of the physical universe. Then, curiously enough, he launches into the praise of man by saying:

"What a piece of work is a man! How noble in reason! how infinite in faculty! in form, in moving, how express and admirable! in action how like an angel! in apprehension how like a god! the beauty of the world! the paragon of animals!"

And yet this noblest panegyric upon man he quickly turns into the pessimistic cry:

"And yet to me, what is this quintessence of dust?"

I should not dwell upon this tragic mood of Hamlet, which so strikingly resembles the fiery and passionate protest of Job against the justice of his fate, were it not for the sequel.

Hamlet is sent to England to be assassinated. By a series of extraordinary events, to which neither his volition nor his deeds contributed, he is saved. Impressed by this evidence of an overruling providence, the skeptical Hamlet becomes a believer, even though his faith did not arise above the prayer: "I believe; help Thou my unbelief."

This is clearly indicated in the last act of the tragedy. In explaining his miraculous escape to his friend, Horatio, Hamlet says that "even in that was Heaven ordain'd", and when he has a presentiment that he is going to his death and Horatio begs him to obey the presentiment, Hamlet says:

"We defy augury: there is a special providence in the fall of a sparrow."

Then, speaking of death, he says:

"If it be now, 'tis not to come; if it be not to come, it will be now; if it be not now, yet it will come; the readiness is all."

This is something more than the spirit of fatalism, and it is significant that Hamlet's expression of faith, that "there is a special Providence in the fall of a sparrow" is a paraphrase of Christ's saying:

"Are not two sparrows sold for a farthing? and one of them shall not fall to the ground without your Father." (St. Matthew 10:29.)

What could be more Christlike than Hamlet's forgiveness of Laertes when, realizing that he had been the victim of the basest treachery at Laertes' hands, yet, when Laertes appeals to him to forgive the foul crime, he says:

"Heaven make thee free of it!  
I follow thee."

There is a final parallel. Job veiled his face and submitted himself to the will of the Almighty by saying:

"Behold, I am of small account. What shall I answer Thee? I lay my hands upon my mouth."

Similarly Hamlet, as he succumbs to death, says:

"The rest is silence."

No more questionings or doubts; only submission, for the evidence of an overruling Providence had made him believe that there is a "divinity that shapes our ends, roughhew them as we may." Shakespeare himself, who, because he dealt with that great stage—the world—yet rarely speaks of any hereafter for his characters, yet says of Hamlet:

"Good night, sweet prince;  
And flights of angels sing thee to thy rest!"

There is a lesson for our times in the common theme of the book of Job and the tragedy of Hamlet. The world is in a state of unparalleled wreckage. What will be the effect upon this and future generations of man? I am hopeful that the result may mean a new reformation of the world. The great German, who alone could be compared with Shakespeare, Goethe, said:

"He who has not eaten his bread with tears,  
He knows you not, you heavenly powers."

Individuals and nations become soft and flabby with prosperity, but can gain in moral strength by adversity. The ages which have suffered most have been the ages of believers. If the effect of present suffering were only to revive in the hearts of men, soddened with material prosperity, the spirit of compassion toward men, it would mean moral reformation.

In this connection, I cannot forbear, before concluding, by referring to one of the noblest passages in Shakespeare, which has an especial application to our duties in these critical days.

When the aged Lear is driven from his daughter's house in a storm of elemental fury, he, like Job and Hamlet, upbraided the Almighty for permitting such sorrow to come to one who was "more sinned against than sinning"; and then, as the rain

drenches the aged Lear to the very skin, it suddenly occurs to him how little, in the days of his prosperity, he had ever thought of the sufferings of others, and he gives utterance to the following self-reproachful words:

"Poor naked wretches, whereso'er you are,  
That bide the pelting of this pitiless storm,  
How shall your houseless heads, and unfed sides,  
Your loop'd and window'd raggedness, defend you  
From seasons such as these? O! I have ta'en  
Too little care of this! Take physic, pomp;  
Expose thyself to feel what wretches feel,  
And thou may'st shake the superflux to them,  
And show the heavens more just."

In this there is great truth—that the unfortunates of the earth may too often get their impression of the justice of Heaven from the treatment they get from their fellow men, who have what Lear called the "superflux", or, in other words, the superfluity of material possessions.

I have given you a very slight idea of the sublime morality that can be found in Shakespeare's verse to those who look for it. Shakespeare's mighty soul, the most comprehensive ever given to any of the children of men, saw life as a whole, in all its good and in all its evil; but the great fact remains, which we can gratefully recall on this anniversary of his birth and death, that, next to the Bible itself, no writer of our mother tongue has ever so profoundly quickened the imagination and developed the souls of men as William Shakespeare. As the vicar of the lovely little church on the Avon, in which lie all that is mortal of the great poet, once said on the annual memorial service in that church:

"Wherever men do congregate or wherever they muse in solitude there abides this great cause of thankfulness to Almighty God: that the greatest name in our literature should be also our wisest and profoundest teacher."

FRATERNAL ORDER OF EAGLES SUBMITS TO PRESIDENT ROOSEVELT ITS PLAN TO STABILIZE EMPLOYMENT AND WARD OFF DEPRESSIONS—PROPOSED AS A FEATURE OF THE REORGANIZED PLAN OF GOVERNMENT

Mr. LUDLOW. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. LUDLOW. Mr. Speaker, on behalf of 600,000 members of the Fraternal Order of Eagles and 100,000 members of the Eagles' Auxiliary, I have presented to President Roosevelt today a memorandum setting forth the Eagles' plan of economic stabilization through a proposed economic planning board, and have requested the President to consider the wisdom of adopting it in principle and including it as a part of the set-up of the governmental reorganization which the President is authorized to make under the broad powers voted to him by the Congress. With the courteous permission granted to me by the House I will utilize the opportunity to bring this important proposal to the attention of the Congress and the country.

The Eagles' memorandum, prepared by Past Grand Worthy President Frank E. Hering and endorsed by all of the national leaders of the order, outlines for consideration of the President "a program to prevent severe depressions through far-sighted national planning."

A covering letter of my own accompanying the memorandum is as follows:

DEAR MR. PRESIDENT: This is to ask your attention to the plan of the Fraternal Order of Eagles to stabilize employment and prevent depressions.

As a member and representative of that order, I have been requested to urge you to consider the advisability of welding into the reorganized Government of the United States a mechanism which will embody the principle of a commission or board to stabilize industry, commerce, and agriculture, for which the Fraternal Order of Eagles has long contended. By request of the order, I introduced the bill in the Seventy-first, Seventy-second, and Seventy-third Congresses. In the Seventy-second Congress it was reported favorably without a dissenting vote from Subcommittee No. 3 of the House Committee on the Judiciary. In the present extra session no opportunity has been afforded either in committee or in the House to consider the measure, but there are strong and convincing evidences that it is growing rapidly in favor.

The proposal is simply that there shall be created some sort of governmental mechanism, whether it be known as board, commission, or by some other name, composed of qualified experts, who will study both foreign and domestic trends, keep constantly abreast of changing economic conditions, and report to Congress from time to time recommendations for legislation that will keep business and employment on an even keel and ward off the awful cycles of depression such as the one from which the country has so long suffered and from which, happily, through your leadership, we now appear to be emerging.



We who speak for this plan do not really consider that it is necessary to go through the long and tedious process of legislation to effectuate the purpose which this great fraternal order has in mind, as the Congress has wisely clothed you with plenary authority to reorganize the Government. Rather, Mr. President, we are hopefully and prayerfully looking to you to approve the suggestion and by Executive action to provide somewhere in the set-up of the reorganized Government such mechanism as we have in mind, the personnel to be composed of the best and most qualified experts in the Government service, who will undertake to examine and analyze economic trends, to procure, correlate, and present to Congress in systematized form information gathered from every possible source that will have a bearing toward the stabilization of industry, agriculture, commerce, and employment, and which we believe will enable Congress knowingly and advisedly to enact legislation that will tend largely, if not entirely, to prevent such industrial collapses and spreads of unemployment as the one through which we have been passing.

In presenting this matter to you I am authorized to speak for the 600,000 members of the Fraternal Order of Eagles and the 100,000 women who compose the Eagles' Auxilliary. This is the fraternal order that is closest to the poor man, the order that has to its credit a great record of humanitarian achievement along lines of social welfare, such as old-age pensions, mothers' pensions, and workmen's compensation statutes. But you, sir, are a member of the order, so I need not here dwell elaborately on its humanitarian activities. Suffice it to say that in all of its urge to serve humanity the Fraternal Order of Eagles has never been more wholeheartedly consecrated to an idea than it is now consecrated to this plan to make unemployment debacles impossible in the future, thus rendering a real service to the millions who are always tragic sufferers in periods of hard times and unemployment. This, the order believes, is not a chimerical dream but a possibility which can be accomplished by creating such a governmental mechanism as a stabilization of employment board or commission with well-defined duties.

My mission today, Mr. President, is to deliver to you in person a memorandum prepared by Past Grand Worthy President Frank E. Hering and addressed to you which explains with clarity, precision, and, I think, very impressively what is sought to be accomplished by the creation of a stabilization of employment board or commission. Duplicate copies of this memorandum are going forward to the Secretary of Labor, Secretary of Commerce, Secretary of Agriculture, Secretary of the Interior, and Secretary of State, because the sponsors of the movement believe that the departments presided over by those officials would be most greatly affected.

I take pleasure in presenting this memorandum to you, and I thank you in advance for the careful consideration I know you will give to it.

Very sincerely yours,

LOUIS LUDLOW.

The memorandum prepared by Mr. Hering, who first proposed a stabilization of employment plan in 1930 and secured its sponsorship by the National Order of Eagles in that year, outlines a program to prevent severe depressions through far-sighted national planning. Mr. Hering is a distinguished economist and a former professor of Notre Dame University. The program purposes:

1. To stabilize employment, so that workers may obtain a steady wage.
2. To hold business on an even keel, so that the investor may obtain a reasonable dividend.

As a means to those ends we suggest this simple plan: That the President appoint a board continuously to study conditions in industry, agriculture, and commerce that threaten to throw men out of work and thus to bring on business depression. This board would act, in short, as an economic weather bureau to warn of approaching storms. It would do even more. It would formulate and recommend plans for dissipating them.

#### THE BOARD'S PLACE IN THE GOVERNMENTAL STRUCTURE

It is suggested that the board be established not as an independent body but as a part of the existing governmental structure. Without additional legislation, the board could be made a part of the Government reorganization program now being mapped by the President. Under the plenary power Congress has given him to effect such reorganization, he has the authority to appoint such a board.

#### MEMBERSHIP OF THE BOARD

Members of the board would include trained economists, chosen for their knowledge of the problems of industry, agriculture, and commerce, not only as they affect a particular group but as they affect all groups in relation to each other.

The nucleus of the board might be drawn from the following departments whose functions pertain so largely to the economic welfare of the Nation:

1. The Department of State, because its representatives in foreign lands are able to secure—from a world-wide field—information of value in planning America's industrial, agricultural, and commercial life, and in arranging reciprocal tariffs.
2. The Department of the Interior, because it is concerned with the preservation of our natural resources, such as coal, iron, copper, oil, etc.

3. The Department of Agriculture, because its duty is to safeguard the welfare of the farmer, upon which the Nation's prosperity so largely depends.

4. The Department of Commerce, because to this Department comes valuable information relative to the state of foreign and domestic trade.

5. The Department of Labor, because the Secretary of Labor "is charged with the duty of fostering, promoting, and developing the welfare of the wage earners of the United States, improving their working conditions, and advancing their opportunities for profitable employment."

There would need to be no expensive secretariat. The board would call upon the various departments of the Government for the use of experienced economists and statisticians whose work brings them into intimate contact with the problems with which the proposed board would deal.

#### POWERS AND DUTIES OF THE BOARD

The board would be empowered to—

1. Make surveys, studies, and investigations of all problems relating to the stabilization of employment in industry, agriculture, and commerce because a steadily working population is the basis of prosperity.

2. Formulate such plans and recommend such legislation as will keep production and consumption in balance, and hence enable employees to obtain a steady wage and investors a reasonable dividend.

It will be noted that the board would act in the twofold capacity of investigator and advisor.

True, many governmental and nongovernmental groups already make surveys, studies, and investigations. The board would not duplicate such work. It would make surveys only in fields not already covered.

But information in the hands of existing fact-finding bodies, although intrinsically valuable, has been of little use to those who have needed it most because it has not been properly assembled, analyzed, and distributed. No group exists to act as a clearing house for the information collected. No group exists to correlate and interpret the facts so that our business, industry, labor, and commerce may intelligently meet influences developing throughout the Nation and the world.

The proposed board would first of all, then, act as a clearing house. It would see that new trends and changes revealed by surveys in one industry were reported to related industries that would be affected. It would eliminate investigations that wastefully overlap, as many now do. It would piece together isolated facts and draw up for the guidance of industry, agriculture, and commerce a true and constantly revised picture of economic trends.

The distinguished Subcommittee of the House Judiciary Committee of the Seventy-second Congress when recommending, without a dissenting vote, that this plan be enacted into law, stated in a very illuminating report submitted by its chairman, Hon. Tom McKeown, of Oklahoma:

"Had such a committee been in existence to anticipate, prior to 1929 and subsequently, economic changes as they have influenced industry, agriculture, and commerce, the grave conditions of certain industries would not now obtain, and in many instances economic tragedies would have been avoided."

For example:

Statistics gathered at some expense show that real wages were going down during the period from 1922 to 1929, whereas it was generally believed they were going up. The truth should have been made known; it was of vital importance to manufacturers and producers in every field. Other investigations, studies, and reports showed that copper from the vast Katanga surface mines in Africa was being laid down in this country for less than the cost of producing American copper; that United States markets had dried up in the Central and South American countries raising coffee and sugar, because of overproduction; that improvements in machines and other mass-production methods were driving men out of industries faster than they were being reabsorbed in others; that the World War had caused a cataclysm in international monetary relations; that wasteful competition was ruining the oil industry; that mass production in agriculture, burdensome farm debts, and foreign competition were combining to cut off the purchasing power of the farmer; that taxes were absorbing so much of income that private enterprise could not continue to prosper; that production was increasing without a corresponding increase in consumption.

Had there been in existence a board of trained observers such as is now respectfully proposed, these facts and others equally important would have been read as a warning that trouble was brewing for the oil industry, the copper industry, the farmer, and eventually the whole Nation.

Industry, agriculture, and commerce, if forewarned, could act to help themselves to a great extent. The board could make helpful suggestions. Certain problems, however, would demand Federal cooperation. But individuals and industries are at present powerless to act to obtain assistance promptly.

It is here that the proposed board would perform its second great service.

#### THE BOARD AND CONGRESS

From its study of conditions, the board would formulate plans and recommend to the President and Congress such legislation as would minimize the adverse influences at work. The necessity for some unit in our national life that will guard us



from our own folly is apparent when we look back over events of the past few years. Our national experience has proved:

1. That information in the possession of the State, the Treasury, and the Commerce Departments did not prevent the sale of foreign bonds which have since defaulted, with great loss to American investors.

2. That knowledge of agricultural conditions (crop forecasts, declining farm values, etc.) did not protect farmers, investors, and bankers in farming regions from losses.

3. That plant capacity was increased, without justification, in anticipation of future sales.

4. That in spite of growing technological unemployment, almost no effort was made to divert surplus workers to other industries.

5. That the relation between the decline in residential building and the purchase of luxuries and semiluxuries on the deferred-payment plan was not realized.

6. That three surveys of the coal industry have resulted in little if any benefit to operators or miners, because no agency existed to effect reforms as a result of the findings.

7. That information collected by the Bureau of Mines and by the United States Tariff Commission was assembled too late to save the copper interests and miners from economic disaster.

8. That the Federal Oil Conservation Board has not been even mildly successful in solving the problems of the petroleum industry, because of lack of authority or because of constitutional inhibitions.

Many of the problems just enumerated were not intelligently met, because, in many instances, they were not recognized as grave problems in time, but more often because they did not come within the scope of any governmental commission or department authorized to act. The proposed board would insist that we take action to avert economic disaster.

It would establish a mutually beneficial relation between business and government. Industry, agriculture, and commerce would have prompt protection. The Congress would have the benefit of the carefully considered opinions of experts who see our economic problems as a related whole. If the board functions within the spirit of the plan here presented this country should never again be plunged into such misery as has prevailed for nearly 4 years.

History: The plan presented in the foregoing memorandum was first presented to Congress in December 1930 as H.R. 13567. The bill was introduced by myself at the request of the Fraternal Order of Eagles, which prepared the measure. The House Judiciary Committee held a hearing on it. I reintroduced the bill in the Seventy-second Congress. The House Judiciary Committee again held a hearing, and subcommittee no. 3, to which the bill was assigned for study, recommended without a dissenting vote that it be passed. I again reintroduced the bill on March 9, 1933.

Since then Congress has vested the President of the United States with full authority to reorganize the Government. Therefore it now becomes possible for an economic planning board, as here outlined, to be created without further legislation.

#### TO RELIEVE ECONOMIC EMERGENCY BY INCREASING AGRICULTURAL PURCHASING POWER

Mr. JONES. Mr. Speaker, I call up the conference report on the bill (H. R. 3835) to relieve the existing national economic emergency by increasing agricultural purchasing power.

The Clerk read the conference report.

The conference report and statement are as follows:

#### CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate (nos. 1 to 84, inclusive) to the bill (H.R. 3835) to relieve the existing national economic emergency by increasing agricultural purchasing power, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 16, 27, 32, 42, 46, and 63.

That the House recede from its disagreement to the amendments of the Senate numbered 1, 2, 4, 5, 6, 7, 8, 9, 10, 12, 13, 15, 18, 19, 20, 21, 22, 23, 26, 28, 29, 30, 31, 33, 34, 35, 36, 37, 38, 39, 40, 41, 43, 44, 45, 47, 48, 50, 51, 52, 53, 55, 56, 57, 58, 59, 60, 61, 62, 64, 65, 66, 67, 68, 69, 70, 71, 72, 74, 75, 76, 77, 78, 79, 80, 81, and 82, and agree to the same.

Amendment numbered 3: That the House recede from its disagreement to the amendment of the Senate numbered 3, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert "base period. The base period in the case of all agricultural commodities except tobacco shall be the pre-war period, August 1909-July 1914. In the case of tobacco, the base period shall be the postwar period, August 1919-July 1929"; and the Senate agree to the same.

Amendment numbered 11: That the House recede from its disagreement to the amendment of the Senate numbered 11, and agree to the same with an amendment as follows: On page 5, line 16, of the Senate engrossed amendments, strike out "act" and insert "title"; and the Senate agree to the same.

Amendment numbered 14: That the House recede from its disagreement to the amendment of the Senate numbered 14, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert:

"Under regulations of the Secretary of Agriculture requiring adequate facilities for the storage of any non-perishable agricultural commodity on the farm, inspection and measurement of any such commodity so stored, and the locking and sealing thereof, and such other regulations as may be prescribed by the Secretary of Agriculture for the protection of such commodity and for the marketing thereof, a reasonable percentage of any benefit payment may be advanced on any such commodity so stored. In any such case, such deduction may be made from the amount of the benefit payment as the Secretary of Agriculture determines will reasonably compensate for the cost of inspection and sealing, but no deduction may be made for interest."

And the Senate agree to the same.

Amendment numbered 17: That the House recede from its disagreement to the amendment of the Senate numbered 17, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert:

"The making of any such agreement shall not be held to be in violation of any of the antitrust laws of the United States; and any such agreement shall be deemed to be lawful: *Provided*, That no such agreement shall remain in force after the termination of this act."

And the Senate agree to the same.

Amendment numbered 24: That the House recede from its disagreement to the amendment of the Senate numbered 24, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"(5) No person engaged in the storage in a public warehouse of any basic agricultural commodity in the current of interstate or foreign commerce, shall deliver any such commodity upon which a warehouse receipt has been issued and is outstanding, without prior surrender and cancellation of such warehouse receipt. Any person violating any of the provisions of this subsection shall, upon conviction, be punished by a fine of not more than \$5,000, or by imprisonment for not more than 2 years, or both. The Secretary of Agriculture may revoke any license issued under subsection (3) of this section, if he finds, after due notice and opportunity for hearing, that the licensee has violated the provisions of this subsection."

And the Senate agree to the same.

Amendment numbered 25: That the House recede from its disagreement to the amendment of the Senate numbered 25, and agree to the same with an amendment as follows: Beginning with line 3 on page 8 of the Senate engrossed amendments strike out through line 13 on page 9 and insert in lieu thereof the following:

"SEC. 9. (a) To obtain revenue for extraordinary expenses incurred by reason of the national economic emergency, there shall be levied processing taxes as hereinafter provided. When the Secretary of Agriculture determines that rental or benefit payments are to be made with respect to any basic agricultural commodity, he shall proclaim such determination, and a processing tax shall be in effect with respect to such commodity from the beginning of the marketing year therefor next following the date of such proclamation. The processing tax shall be levied, assessed, and collected upon the first domestic processing of the commodity, whether of domestic production or imported, and shall be paid by the processor. The rate of tax shall conform to



the requirements of subsection (b). Such rate shall be determined by the Secretary of Agriculture as of the date the tax first takes effect, and the rate so determined shall, at such intervals as the Secretary finds necessary to effectuate the declared policy, be adjusted by him to conform to such requirements. The processing tax shall terminate at the end of the marketing year current at the time the Secretary proclaims that rental or benefit payments are to be discontinued with respect to such commodity. The marketing year for each commodity shall be ascertained and prescribed by regulations of the Secretary of Agriculture: *Provided*, That upon any article upon which a manufacturers' sales tax is levied under the authority of the Revenue Act of 1932 and which manufacturers' sales tax is computed on the basis of weight, such manufacturers' sales tax shall be computed on the basis of the weight of said finished article less the weight of the processed cotton contained therein on which a processing tax has been paid."

And the Senate agree to the same.

Amendment numbered 49: That the House recede from its disagreement to the amendment of the Senate numbered 49, and agree to the same with amendments as follows: On page 15, line 3, of the Senate engrossed amendments, strike out "sums" and insert "sum", and in line 21 strike out "(d)" and insert "(c)"; and the Senate agree to the same.

Amendment numbered 54: That the House recede from its disagreement to the amendment of the Senate numbered 54, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"(b) No tax shall be required to be paid on the processing of any commodity by or for the producer thereof for consumption by his own family, employees, or household; and the Secretary of Agriculture is authorized, by regulations, to exempt from the payment of the processing tax the processing of commodities by or for the producer thereof for sale by him where, in the judgment of the Secretary, the imposition of a processing tax with respect thereto is unnecessary to effectuate the declared policy."

And the Senate agree to the same.

Amendment numbered 73: That the House recede from its disagreement to the amendment of the Senate numbered 73, and agree to the same with an amendment as follows: On page 18, line 20, of the Senate engrossed amendments, after "delivery", insert "on or"; and the Senate agree to the same.

Amendment numbered 84: That the House recede from its disagreement to the amendment of the Senate numbered 84, and agree to the same with amendments as follows:

On page 24, line 18, of the Senate engrossed amendments, before the word "value", insert "normal."

On page 29, between lines 10 and 11 of the Senate engrossed amendments, insert the following new paragraph:

"The rate of interest on such direct loans made at any time by any Federal land bank shall be one half of 1 percent per annum in excess of the rate of interest charged to borrowers on mortgage loans made at such time by the bank through national farm-loan associations."

On page 29, line 22, of the Senate engrossed amendments, strike out "shall" and insert "may."

On page 34, line 6, of the Senate engrossed amendments, before "value", insert "normal."

On page 35 of the Senate engrossed amendments, beginning with line 13, strike out all through line 9, page 36.

On page 36 of the Senate engrossed amendments, strike out lines 12 to 19, both inclusive, and insert in lieu thereof the following:

"Sec. 31. (a) Out of the funds made available to him under section 30, the Farm Loan Commissioner is authorized to make loans, in an aggregate amount not exceeding \$25,000,000, at a rate of interest."

On page 39, line 6, of the Senate engrossed amendments, before "value", insert "normal."

On page 39, line 16, of the Senate engrossed amendments, after "years", insert "or, in the case of a first or second

mortgage secured wholly by real property and made for the purpose of reducing and refinancing an existing mortgage within an agreed period no greater than that for which loans may be made under the Federal Farm Loan Act, as amended."

On page 39, line 19, of the Senate engrossed amendments, before the period, insert "if the borrower shall not be in default with respect to any other condition or covenant of his mortgage."

On page 41, line 7, of the Senate engrossed amendments, strike out "\$8,500" and insert "\$10,000."

On page 42, line 8, of the Senate engrossed amendments, strike out "(1)."

On page 42 of the Senate engrossed amendments, beginning with the word "including", in line 10, strike out through the word "project", in line 24, and insert in lieu thereof the following: "and to political subdivisions of States, which, prior to the date of enactment of this act, have completed projects devoted chiefly to the improvement of lands for agricultural purposes."

On page 45 of the Senate engrossed amendments, beginning with line 1, strike out all through the period in line 9 and insert "Sec. 37."

On page 46, line 9, of the Senate engrossed amendments, strike out "\$325,000,000" and insert "\$300,000,000."

On page 47, line 12, of the Senate engrossed amendments, strike out "\$8,500" and insert "\$10,000."

On page 47 of the Senate engrossed amendments, beginning with line 13, strike out all through line 20, page 48.

On page 49, line 2, of the Senate engrossed amendments, strike out "shall" and insert "may."

On page 46, lines 3, 12, and 24, of the Senate engrossed amendments, strike out "37", "38", and "39" and insert "38", "39", and "40", respectively.

And the Senate agree to the same.

That the House recede from its disagreement to the amendment of the Senate to the title of the bill and agree to the same.

The committee of conference have not agreed on amendment numbered 83.

MARVIN JONES,  
JOHN D. CLARKE,  
CLIFFORD R. HOPE,  
WALL DOXEY,  
H. P. FULMER,

*Managers on the part of the House.*

E. D. SMITH,  
CHAS. L. McNARY,  
DUNCAN U. FLETCHER,  
ELMER THOMAS,  
ROBERT F. WAGNER,  
F. C. WALCOTT,

*Managers on the part of the Senate.*

#### STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate (nos. 1 to 84, inclusive) to the bill (H.R. 3835) to relieve the existing national economic emergency by increasing agricultural purchasing power submit the following written statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The following amendments make clerical changes necessary by reason of the inclusion of new titles in the bill, and the House recedes: 1, 2, 4, 12, 23, 26, 29, 31, 33, 35, 37, 39, 40, 43, 47, 48, 50, 51, 52, 53, 55, 56, 64, 65, 69, 70, 71, 72, 74, 75, 76, 77, 79, and 80.

On amendment no. 3: The House bill fixed the pre-war period, August 1909–July 1914, as the base period for all agricultural commodities. The Senate amendment provides that in the case of tobacco and milk and its products the base period shall be the post-war period, September 1919–August 1928. The conference agreement provides that the base



period in the case of milk and its products shall be the pre-war period and, in the case of tobacco, the post-war period, August 1919–July 1929.

On amendment no. 5: The House bill directs the Farm Board and all departments and agencies of the Government to sell all cotton owned by them to the Secretary of Agriculture at such price as may be agreed upon. The Senate amendment contains the same requirement except that cotton owned by the Federal intermediate credit banks is not required to be so sold and the price paid shall not be in excess of the market price.

Both the House bill and the Senate amendment require that the Government agencies to which the section applies shall take such action and make such settlements as may be necessary for them to acquire full legal title to cotton on which money has been loaned or advanced or which is held as collateral for loans or advances. The Senate amendment includes futures contracts for cotton as well as cotton on which money has been loaned or advanced. Both the House bill and the Senate amendment require the cotton to be sold to the Secretary of Agriculture.

Under the House bill the settlements of loans or advances are to be made on such terms as, in the judgment of the Secretary of Agriculture and the department or agency involved, may be deemed advisable. Under the Senate amendment the terms of the settlements are provided for therein in the case of cotton taken over by departments or agencies other than the Secretary of Agriculture. Such cotton is to be taken over at a price equal to the amount of the loan or advance outstanding against it, including loans or advances senior to the Government loan, plus such amount as is required to adjust advances by the borrower to the growers to 90 percent of the value of their cotton on the date of delivery of the cotton as collateral. The sums required to adjust advances to growers are to be computed by subtracting the total amount advanced to growers on account of pools of which the cotton was a part from 90 percent of the value, at the time of delivery as collateral, of the cotton to be taken over, plus charges and operating costs and less existing assets of the borrower derived from net income, earnings, or profits from such cotton or operations to which such cotton is related. The department or agency making the settlement is to determine the amounts specified.

The House bill did not specifically provide for the case of cotton held by the Secretary of Agriculture as collateral for loans or advances by him. Under the Senate amendment the Secretary is to make settlements on such terms as he deems advisable, and he is authorized to indemnify or furnish bonds to warehousemen for lost warehouse receipts and to pay the premiums on the bonds.

Both the House bill and the Senate amendment authorize the purchase by the Secretary of Agriculture of the cotton from the other departments or agencies. The House recedes.

On amendment no. 6: The House bill authorized and directed the Reconstruction Finance Corporation to advance money and make loans to the Secretary of Agriculture to acquire cotton under the cotton-option plan and to pay the carrying costs thereon, with warehouse receipts as collateral security. The Senate amendment provides for such advances and loans and includes in addition loans and advances for the purpose of paying classing and merchandising costs, and provides that where it is impossible or impracticable for the Secretary of Agriculture to deliver warehouse receipts as collateral security the Corporation may accept such other security as it may consider acceptable, including assignments of the equity and interest of the Secretary in warehouse receipts pledged to secure other indebtedness. The Senate amendment also increases the amount of notes, bonds, debentures, and other such obligations which the Reconstruction Finance Corporation is authorized and empowered to issue and have outstanding by an amount sufficient to carry out these provisions. The House recedes.

On amendment no. 7: This amendment is a clarifying amendment; and the House recedes.

On amendment no. 8: The House bill authorized the Secretary of Agriculture, under the cotton-option plan, to sell to the producer, an amount of cotton equivalent to the amount of reduction in cotton production. The Senate amendment authorizes the sale in such cases of an amount to be agreed upon not in excess of the amount of such reduction. The House recedes.

On amendments nos. 9 and 10: These amendments authorize the Secretary of Agriculture to enter into option contracts with respect to cotton not disposed of by him, conditioned upon reduction of production in 1934, and permit the producer to exercise the option up to January 1, 1935, and change the date by which the Secretary must have disposed of cotton acquired by him from March 1, 1935, to March 1, 1936. The House recedes.

On amendment no. 11: This amendment strikes out the provision of the House bill which authorized the Secretary of Agriculture to sell unlimited amounts of cotton at any time that a price of not less than 10 cents, basis middling, can be obtained at the ports. The amendment also inserts a provision authorizing the Secretary to enter into additional option contracts for so much of the cotton as is not necessary to comply with the cotton option plan in combination with the utilization of the commodity benefit plan provided for in part 2 of the title. The House recedes with a clerical amendment.

On amendment no. 13: The House bill provided for rental or benefit payments to be made only in connection with reductions in acreage or reductions in production for market or both. The Senate amendment provides that rental or benefit payments may also be made irrespective of any reduction in acreage or reduction in production, provided the rental or benefit payments are limited to that portion of the production of the commodity that is required for domestic consumption. The House recedes.

On amendment no. 14: This amendment authorizes the Secretary of Agriculture to advance a reasonable percentage of any benefit payment on grains stored on the farm. In any such case he is authorized to make a deduction from the benefit payment of not more than one half cent per bushel for inspection and sealing, but no deduction is to be made for interest. The conference agreement applies the provisions to any nonperishable agricultural commodity and authorizes the Secretary of Agriculture to determine the amount of a reasonable deduction from benefit payments to be made to compensate for the cost of inspection and sealing.

On amendments nos. 15, 19, and 22: These amendments are clarifying amendments. The House recedes.

On amendment no. 16: Under the House bill the Secretary of Agriculture is authorized to enter into marketing agreements with respect to any agricultural commodity or products thereof. The Senate amendment limits the application of the agreements to basic agricultural commodities and products thereof. The Senate recedes.

On amendment no. 17: The Senate amendment specifically provides that any legal marketing agreement provided for in the subsection shall not be held in violation of the antitrust laws, and further provides that the agreements shall not remain in force after the termination of the act. The conference agreement provides that the making of the marketing agreements shall not be held to be in violation of any of the antitrust laws of the United States, and any such agreement shall be deemed to be lawful, and retains the provision in the Senate amendment that no such agreement shall remain in force after the termination of the act.

On amendment no. 18: Under the House bill loans by the Reconstruction Finance Corporation to parties entering into marketing agreements were to bear interest at a rate not in excess of 3 percent per annum. This amendment strikes out the language with respect to rate of interest, leaving the rate in such cases to be fixed in accordance with the Reconstruction Finance Corporation Act. The House recedes.

On amendment no. 20: Under the House bill the Secretary of Agriculture was authorized to issue licenses permitting



the handling in interstate or foreign commerce of any basic agricultural commodity or product thereof or any competing agricultural commodity or product thereof. The Senate amendment permits licenses to be issued with respect to any competing commodity or product thereof whether or not an agricultural commodity. The House recedes.

On amendment no. 21: This amendment makes any order of the Secretary of Agriculture suspending or revoking any license issued under the subsection final if the order is in accordance with law. The House recedes.

On amendment no. 24: This amendment makes it unlawful for any person to remove a basic agricultural commodity upon which a storage certificate is outstanding from a warehouse unless the commodity is moved for continued storage and a warehouse certificate is issued by a public warehouseman guaranteeing redelivery of a like grade, dockage, quality, and quantity. In addition to the criminal penalty, the provision authorizes the Secretary of Agriculture to revoke any license of the violator which has been issued to him under subsection (3) for violation of the provisions of the subsection. The provision as agreed to in conference prohibits any person engaged in the storage in a public warehouse of any basic agricultural commodity in the current of interstate or foreign commerce from delivering such commodity upon which a warehouse receipt has been issued or is outstanding without prior surrender and cancellation of the warehouse receipt, and retains the penalties provided in the Senate amendment.

On amendment no. 25: The House bill provided that the processing tax should be levied for the purpose of raising revenue for extraordinary expenditures incurred by reason of the national economic emergency. The purpose of the tax, as stated in the Senate amendment, is to obtain revenue for extraordinary expenses incurred under the agricultural adjustment provisions of the bill. The conference agreement adopts the substance of the House provision.

Under the House bill, whenever rental or benefit payments are made in connection with reductions in acreage or in production of a commodity for market during any marketing period (as determined by the Secretary), the processing tax would be levied during that period. The Senate amendment omits reference to such reductions, in order to conform with amendment no. 13, which authorizes rental or benefit payments, under certain circumstances, irrespective of reduction in acreage or in production. Under the Senate amendment, when the Secretary proclaims that rental or benefit payments are to be made with respect to a commodity, the tax takes effect with respect to the commodity at the beginning of the next marketing year (as determined by the Secretary) after the date of the proclamation, and terminates at the end of the marketing year in which the Secretary proclaims that such rental or benefit payments are to be discontinued.

Both the House bill and the Senate amendment provide that the processing tax shall be at such rate as equals the difference between the current average farm price for the commodity and the fair exchange value thereof, this maximum rate being subject to reduction under specified circumstances. In the House bill the maximum rate shall be reduced if the Secretary finds that the imposition of the processing tax at that rate has resulted or is likely to result in a substantial reduction in quantity of the commodity or products thereof domestically consumed. In making such finding the Secretary is required to give due consideration to certain specified factors among others. Under the Senate amendment the Secretary of Agriculture is required to fix the tax at a rate lower than the maximum if he finds that the tax at such maximum rate will cause such reduction in domestic consumption of the commodity as to result in the accumulation of surplus stocks of the commodity or products thereof or in the depression of the farm price of the commodity. Such lower rate shall be such as will prevent such accumulation of surplus stocks and depression of the farm price of the commodity. The factors specified in the House bill as guides to the Secretary in fixing the lower rate are omitted from the Senate amendment. The lan-

guage of the Senate amendment also makes it clear that the Secretary may fix the tax at a rate lower than the maximum upon the requisite finding at any time, whether or not a tax at the maximum rate has previously been in effect. The conference agreement adopts the Senate provision.

Under the Senate amendment, the processing tax on cotton would be collected at the time that the processed goods are invoiced for sale by the processor, rather than at the time of processing. The conference agreement omits this provision.

The Senate amendment also provides that in computing any manufacturers' excise tax imposed by the Revenue Act of 1932 and based on weight, the weight of any processed cotton contained in the article shall first be deducted. The conference agreement makes it clear that this provision is to apply only in cases in which the processing tax has actually been collected and not refunded.

Under the Senate amendment it is provided that premiums paid for protein content of wheat shall not be taken into account in computing the current average farm price for the purpose of calculating the rate of the processing tax. The conference agreement retains this provision.

The Senate amendment defines the term "processing", with respect to various commodities, for the purposes of the provisions of part 2 of title I (commodity benefits). The House bill authorized the Secretary of the Treasury to define this term with respect to any commodity. The conference agreement adopts the Senate provision. See amendment no. 36.

The Senate amendment provides that when a processing tax takes effect, or is increased or decreased, the Secretary of Agriculture, in order to prevent pyramiding and profiteering, shall make public such information as he deems necessary on certain subjects relating to prices to consumers of the commodity taxed and prices paid to producers thereof. The conference agreement adopts the Senate provision.

On amendment no. 27: This amendment reduces the \$10,000 maximum fixed in the House bill which could be paid to any officer, employee, or expert under the Agricultural Adjustment Administration to \$8,500 per annum. The Senate recedes. The effect of the provision as agreed to in conference is that the maximum salary is \$10,000, which will be subject to the applicable reduction under the existing economy law, so that, applying the reduction at present in effect under the economy law, the maximum salary is \$8,500.

On amendment no. 28: This amendment strikes out the word "emergency" in the title given to the division of the Department of Agriculture vested with the administration of the functions under the title. The House recedes.

On amendment no. 30: This amendment makes inapplicable the provisions contained in the act "To maintain the credit of the United States Government" which require parts of appropriations to be impounded on account of reductions in compensation. The House recedes.

On amendment no. 32: The House bill permitted the Secretary of Agriculture to permit cooperative associations of producers to act as agents of their members and patrons in connection with the distribution of rental and benefit payments. The Senate amendment extends this authority to processors as well as associations of producers. The Senate recedes.

On amendments nos. 34 and 36: Under the House bill the Secretary of the Treasury was given the authority to establish conversion factors for any commodity or article processed therefrom, to determine the amount of the tax imposed, and was authorized to define "processing." Senate amendment no. 36 strikes out this provision. Amendment no. 34 gives the Secretary of Agriculture the authority, with the approval of the President, to establish conversion factors for any commodity or article processed therefrom, to determine the amount of tax imposed and the refunds to be made, and omits the provision authorizing defining of "processing." Under Senate amendment no. 25 processing is defined. The House recedes on amendments nos. 34 and 36.



On amendment no. 38: This amendment excludes the Canal Zone from the application of the agricultural adjustment provisions, and the House recedes.

On amendment no. 41: This amendment makes applicable in the administration of this title the provisions of sections 8, 9, and 10 of the Federal Trade Commission Act. These sections provide for the furnishing of records, papers, and information by the departments and bureaus of the Government, for requiring the attendance and testimony of witnesses and the production of documentary evidence, and for the taking of depositions. Penalties are provided for disobeying subpoenas and other requirements, for making false records, and (in the case of officers or employees administering the law) for unauthorized publication of information officially obtained.

The Senate amendment also authorizes the Secretary of Agriculture to designate officers and employees of the Department to hold hearings. Violations of any agreement are to be reported by the Secretary to the Attorney General and the Attorney General is required to cause appropriate proceedings to enforce the agreement to be conducted in courts. The House recedes.

On amendment no. 42: This amendment provides that the officers, agents, inspectors, and employees authorized under the act shall, so far as possible, be practical farmers and that their field of employment shall be limited to the congressional districts in which they reside. The Senate recedes.

On amendment no. 44: This amendment modifies the definition of basic agricultural commodity in the case of corn so that only field corn will be within such definition. The House recedes.

On amendment no. 45: This amendment eliminates from the definition of basic agricultural commodity cattle and sheep. The House recedes.

On amendment no. 46: This amendment includes sugar beets and sugarcane within the definition of basic agricultural commodity. The Senate recedes.

On amendment no. 49: The House bill appropriated the proceeds derived from taxes for rental and benefit payments and for administrative expenses under the cotton option plan and the commodity benefits provisions. The Senate amendment appropriates the proceeds of the taxes imposed and makes them available for the expansion of markets and removal of surplus agricultural products, for administrative expenses, and for rental and benefit payments under part 2 (the commodity benefits provision). The Senate amendment in addition appropriates \$100,000,000 to defray administrative expenses in connection with the agricultural adjustment program, and for the purpose of making rental and benefit payments with respect to reduction in acreage or production. The House recedes with clerical changes.

On amendment no. 54: The House bill provided that no processing tax should be required to be paid on the processing by the producer thereof on his own premises of any commodity for consumption by his own family, employees, or household, and authorized the Secretary of Agriculture to exempt from the processing tax with respect to hogs, cattle, sheep, or milk and its products in cases where the producer's sales of the products did not exceed \$100 per annum. The Senate amendment substitutes therefor a provision authorizing the Secretary of Agriculture to provide for the exemption of commodities from the tax when processed by or for the producer.

The House recedes with an amendment which exempts from the processing tax any commodity processed by or for the producer thereof for consumption by his own family, employees, or household and which authorizes the Secretary of Agriculture to exempt from the payment of the processing tax the processing of commodities by or for the producer thereof for sale by him where, in the judgment of the Secretary, the imposition of a processing tax with respect thereto is unnecessary to effectuate the declared policy of the title.

On amendments nos. 57, 58, 59, 60, 61, and 62: The House bill authorized the imposition of compensating taxes on the

processing of agricultural commodities that compete with basic agricultural commodities on which there is a processing tax and defined competing agricultural commodities. The Senate amendments authorize the imposition of a tax in such cases on the processing of any commodity, whether or not agricultural in character, which competes with a basic agricultural commodity. The House recedes.

On amendment no. 63: The House bill authorized the imposition of compensating taxes equal to the amount of processing tax upon the importation of any article processed or manufactured wholly or in chief value from the commodity with respect to which the processing tax is in effect. The Senate amendment applies to an article processed or manufactured "wholly or in substantial part" from such commodity or commodities. The Senate recedes.

On amendment no. 66: This amendment provides that the compensating taxes collected upon importation, in the case of articles coming from the possessions of the United States to which the title does not apply, shall be paid into the treasury of the possession of origin and used for the benefit of agriculture. The House recedes.

On amendments nos. 67 and 68: Under both the House bill and the Senate amendments a tax is imposed on floor stocks held for sale or other disposition on the date when a processing tax first takes effect. The House bill exempted from this tax persons engaged solely in the retail trade, but only to the extent of stocks sold or otherwise disposed of for consumption within 1 month after that date. The Senate amendment exempts retail stocks of persons engaged in retail trade, whether or not they are engaged solely in that trade, but provides that such stocks do not include stocks in warehouses. Further, the Senate amendment, like the House bill, exempts only such portion of retail stocks as are sold or otherwise disposed of within 30 days.

Both the House bill and the Senate amendments provide for the refund or abatement of taxes paid on the processing of articles which are held for sale or other disposition at the time that the tax wholly terminates. Under the House bill this refund or abatement does not apply to persons engaged solely in retail trade. Under the Senate amendment the refund or abatement does not apply to the retail stocks of persons engaged in retail trade whether or not they are engaged solely in that trade. The House recedes.

On amendment no. 73: The House bill provided that in the case of contracts made prior to the date of approval of the act for delivery of a commodity after such date the tax should, subject to certain exceptions, be paid by the vendee instead of the vendor. The Senate amendment applies a similar rule with respect to contracts made prior to the date the processing tax first takes effect with respect to the commodity, for delivery of the commodity after such date. The House recedes with an amendment which applies the rule in the Senate amendment as well when delivery takes place on the day of the effective date of the tax.

On amendment no. 78: The House bill authorized the Secretary of the Treasury to permit the postponement of the payment of taxes for a period not exceeding 60 days. The Senate amendment extends this period to 90 days. The House recedes.

On amendments nos. 81 and 82: The House bill made processors subject to taxes eligible for loans from the Reconstruction Finance Corporation in cases where the immediate payment of the taxes from the processor's own funds would impose an undue financial burden. The Senate amendment extends this privilege to distributors as well as processors of commodities subject to tax. The House recedes.

On amendment no. 83: This amendment contains the so-called "cost-of-production plan." The committee of conference have come to no agreement on this amendment.

On amendment no. 84: This amendment (secs. 21 to 42, inclusive) contains the provisions relating to agricultural credits. It is similar in many respects to H.R. 4795, which passed the House on April 13.

Section 21 authorizes the Federal land banks to issue not exceeding \$2,000,000,000 of farm-loan bonds, at a rate of interest of not more than 4 percent, which shall be guaran-



teed as to interest by the United States. The authority to issue such guaranteed bonds is to cease whenever in the judgment of the Farm Loan Commissioner farm-loan bonds of the Federal land banks not so guaranteed are readily salable in the open market at a yield not in excess of 4 percent and in any event at the expiration of 2 years.

These bonds may be used in three ways: First, to exchange for or purchase outstanding farm mortgages on the best terms possible; second, to make new loans on farm mortgages; third, after the expiration of 1 year, if the bonds are not required for the first two purposes in the judgment of the Farm Loan Commissioner, to refinance at lower interest any outstanding issues of Federal farm-loan bonds.

Any Federal land-bank borrower who obtains a loan hereafter may, after 5 years after the loan is made, tender interest-guaranteed bonds to the bank, which shall accept them at par in payment of the unpaid principal of the loan.

The conference agreement retains this section of the Senate amendment.

Section 22 authorizes the Federal land banks to buy or to exchange bonds for outstanding farm mortgages. The savings thus effected must be passed on to the farmer borrower. This is accomplished by issuing to him a new mortgage under the Farm Loan Act and by his subscribing for stock and otherwise complying with that act as in the case of other borrowers who secure land-bank loans. The price paid by a Federal land bank for any mortgage must not exceed the amount of unpaid principal of the mortgage, or 50 percent of the value of the land mortgaged plus 20 percent of the value of the permanent insured improvements, whichever is the smaller.

The conference agreement retains this section of the Senate amendment but provides that the purchase price of any such mortgage should not exceed 50 percent of the "normal" value of the land mortgaged.

Section 23 authorizes the Federal land banks for 5 years to grant extensions to farm borrowers who, after investigation, are shown to be deserving. In order to enable the Federal land banks to grant such extensions and to defer payment of principal as authorized under section 12 of the Federal Farm Loan Act, the Secretary of the Treasury is directed, upon request of the Federal land bank and with the approval of the Farm Loan Commissioner, to subscribe to the paid-in surplus of the Federal land bank an amount equal to the amount of the extensions and deferments. Fifty million dollars is authorized to be appropriated for the purpose. Repayment of these subscriptions may be made at any time by the bank with the approval of the Farm Loan Commissioner and must be made when he believes the bank has resources available for the purpose.

The conference agreement retains this section of the Senate amendment.

Section 24 reduces for a period of 5 years the interest rate on all outstanding and new loans made through national farm-loan associations or agents, or purchased from joint-stock land banks, by the Federal land banks, to 4½ percent per annum, and suspends the payment of principal during the same period in cases where the borrowers are not in default. The rate on loans made through branches is not to exceed 5 percent. In order to compensate the Federal land banks for the loss of interest incurred by reason of the reduction in interest the Secretary of the Treasury is directed to pay to each Federal land bank the amount of such loss less any savings effected through the refinancing of Federal farm-loan bonds. Fifteen million dollars is authorized to be appropriated for this purpose for the fiscal year 1934 and such additional amounts during subsequent fiscal years as may be necessary.

The conference agreement retains this section of the Senate amendment.

Section 25 raises the maximum limit of Federal land bank mortgage loans from \$25,000 to \$50,000, but in each case where a loan is in excess of \$25,000 it must be approved by the Farm Loan Commissioner. The conference agreement retains this provision of the Senate amendment.

Section 26 authorizes the Federal land banks to make direct loans on first mortgages to farmers in localities where national farm-loan associations have not been organized or in localities where, although such associations have been organized, the farmers are unable to apply for loans because of the inability of the land banks to accept applications from the associations. The borrower is required to covenant to join a farm-loan association when formed in his locality. The charges made by the banks to applicants for such direct loans are not to exceed the charges made to borrowers through national farm-loan associations.

The conference agreement provides for interest on such direct loans at a rate one half of 1 percent higher than the rate on loans made through national farm-loan associations, but the rate is to be reduced when the borrowers join an association. Joining such an association is also made permissive rather than mandatory as under the Senate amendment.

Section 27 authorizes receivers appointed under section 29 of the Federal Farm Loan Act to borrow, with the approval of the Farm Loan Commissioner, from the Reconstruction Finance Corporation on the security of receivers' certificates for the purposes of paying taxes on real estate owned by the bank or securing its mortgages. The conference agreement retains this provision.

Section 28 authorizes the Federal Reserve banks to make advances on promissory notes for a period not exceeding 15 days if such advances are secured by the deposit or pledge of interest-guaranteed bonds authorized to be issued under section 21 of this amendment. The conference agreement retains this provision.

Section 29 prohibits joint-stock land banks from issuing tax-exempt bonds and from making any farm loans except such as are incidental to the refinancing of existing loans or bond issues or to the liquidation of their real-estate holdings. The conference agreement retains this provision.

Section 30 directs the Reconstruction Finance Corporation to make \$100,000,000 available to the Farm Loan Commissioner to be used for 2 years in making loans to joint-stock land banks, at a rate of interest not exceeding 4 percent per annum, upon the security of first or purchase-money mortgages on farm property, or such other collateral as may be available to the banks. The maximum amount which may be loaned to any such bank is to be determined on the basis of the unpaid principal of its mortgages as compared with the total amount of the unpaid principal of the mortgages held by all such banks on the date of enactment of the act. Loans must not exceed 60 percent of the value of the real estate securing the collateral deposited with the Commissioner, as determined upon an appraisal made by appraisers appointed under the Federal Farm Loan Act. Loans are to be made to aid orderly liquidation in accordance with a plan submitted by the borrowing bank and approved by the Farm Loan Commissioner. The Commissioner, before he approves the plan, must be satisfied that it carries out the purposes of the section and that money borrowed which is to be devoted to settlements with bondholders will be used only in effecting an equitable settlement with all bondholders.

No loan to a joint-stock land bank may be made under such section 30 until it agrees—

1. To reduce the interest rate to all its first-mortgage borrowers to 5 percent per annum.
2. Not to proceed against the mortgagor for 2 years from the date of the enactment of the act on account of default in interest or principle, nor to foreclose its mortgage during the same period except for abandonment of the mortgaged property or unless, in the opinion of the Farm Loan Commissioner, such foreclosure is necessary for other reasons.
3. That the bank will pay in purchasing its outstanding farm-loan bonds out of the proceeds of the loan an amount not exceeding 100 percent of the amount which the holders may have paid for their bonds prior to April 17, 1933, plus interest on that amount at 5 percent from the date of purchase by the holders less any interest received by them, but



in no case more than the face value of the bonds plus accrued and unpaid interest, and that whenever any such bonds are purchased by the bank at a price less than the face value plus accrued and unpaid interest the difference between the face value and interest and the amount paid by the bank for the bonds shall be credited pro rata to the bank's borrowers in reduction of their loans, but that no such credit shall be made until the profits on the bonds so purchased by the bank are sufficient to replace the amount by which its capital has been impaired.

The conference agreement eliminates the provisions of clause 3 above and provides that loans shall not exceed 60 percent of the "normal" value of the real estate securing the collateral deposited with the Commissioner.

Section 31 provides that the Reconstruction Finance Corporation shall make available to the Farm Loan Commissioner \$25,000,000 to enable him to make loans to joint-stock land banks. Such loans are to be in addition to the loans authorized in section 29 of the amendment and in addition to loans made to such bank under the Reconstruction Finance Corporation Act. Such loans are to be made at a rate of interest not exceeding 4 percent per annum for the purpose of securing the postponement for 2 years of the foreclosure of first mortgages held by such banks on account of default in payment of interest and principal and delinquent taxes. During the period of postponement the bank is to charge the mortgagor interest at a rate not to exceed 4 percent per annum on the aggregate amount of such delinquent taxes and defaulted interest and principal.

The amount so loaned to any bank is to be made without reappraisal, but the amount loaned with respect to any mortgage on account of unpaid principal is not to exceed 5 percent of the total unpaid principal of the mortgage, and the maximum which may be loaned with respect to any mortgage shall not exceed 25 percent of the total unpaid principal.

No such loan is to be made unless the Farm Loan Commissioner is satisfied that, after exercising ordinary diligence, the mortgagor is in default and unless the bank agrees to the satisfaction of the Commissioner that during the 2-year period the bank will not foreclose its mortgage unless the mortgaged property is abandoned or such foreclosure is necessary, in the opinion of the Commissioner, for other reasons. Each such loan is to be secured by an assignment to the Commissioner of the lien of the taxes and/or the bank's mortgage, but the amount of the lien so assigned representing the unpaid principal and interest is to be subordinated to the existing lien of the bank for the balance of the indebtedness due under the terms of the bank's mortgage. The Commissioner may also require the bank to furnish additional collateral as security for any such loan if such collateral is available.

The conference agreement provides that such loans are to be made out of the funds made available to the Commissioner under section 30 of the Senate amendment, but the maximum limit of \$25,000,000 is retained.

Section 32 authorizes and directs the Reconstruction Finance Corporation to make \$200,000,000 available to the Farm Loan Commissioner to be used in making direct loans to farmers upon first or second mortgage. The maximum loan to any one farmer is to be \$5,000, and the amount of the mortgage given as security plus all prior mortgages on the same farm property must not exceed 75 percent of the value of such property. The interest is not to exceed 5 percent per annum. The principal is made repayable in 10 installments, beginning during the fourth year after the loan is made. The proceeds of these loans are to be used:

1. To enable the farmer to refinance on better terms any secured or unsecured indebtedness.
2. To provide the farmer with working capital.
3. To enable the farmer to redeem or repurchase farm property lost by him through foreclosure between July 1, 1931, and the date of enactment of the act or hereafter.

No loan is to be made under this section unless the holder of any prior lien "arranges to the satisfaction of the Farm Loan Commissioner to limit his right to proceed against the

farmer and such farm property for default in payment of principal."

The conference agreement provides that in the case of a first or second mortgage secured wholly by real estate and made for the purpose of reducing and refinancing an existing mortgage the loan may be repaid within an agreed period no greater than that for which loans may be made under the Federal Farm Loan Act. It is also provided that the "normal" value of the property is to be used in determining the maximum amount of the mortgage given as security for a loan and that the 3-year extension for the payment of principal is to apply only where the borrower is not in default with respect to any other condition or covenant of his mortgage.

Section 33 authorizes the Farm Loan Commissioner to make such rules and regulations as may be necessary; and to appoint, employ, and fix the compensation of such officers, etc., as may be necessary to carry out the purposes of the amendment, without regard to the provisions of other laws applicable to the employment and compensation of officers and employees of the United States, but with the limitation that no salary or compensation in excess of \$8,500 per annum shall be paid to any such person.

The conference agreement fixes the maximum salary limit at \$10,000, since such salaries will be subject to the reductions under existing economy laws. This corresponds to the action under amendment numbered 27.

Section 34 provides for making the facilities of the Federal land banks and the national farm-loan associations available to the Farm Loan Commissioner to aid in administering the provisions of the amendment. The conference agreement adopts the Senate provisions.

Section 35 imposes a penalty of \$1,000 fine or 6 months' imprisonment, or both, for fraud in securing a loan under section 32 of the amendment. The conference agreement adopts the Senate provisions.

Section 36 authorizes the Reconstruction Finance Corporation to make loans in an aggregate amount not exceeding \$50,000,000 to drainage, levee, levee and drainage, irrigation, and similar districts, to private corporations organized for similar purposes, and to political subdivisions of States which, prior to the date of enactment of the act, have projects substantially advanced toward completion which are devoted chiefly to the improvement of land for agricultural purposes (including, in the case of irrigation systems, dams, reservoirs, and electric-power projects used in connection with such systems). Such loans are to be made for the purpose of enabling such districts or political subdivisions to reduce and refinance their outstanding indebtedness incurred in connection with such projects, and, in the case of irrigation districts operating under contract with the United States, to aid in the payment of their operation and maintenance charges and to provide funds for installation of necessary works. The loans are to be made under the same terms and conditions as loans made under section 5 of the Reconstruction Finance Corporation Act, except that they may be made for a period not exceeding 40 years and are to be secured by refunding bonds issued to the Corporation which are secured by real property within the project, or assessments thereon, or such other collateral as may be acceptable to the Corporation. Other provisions are included requiring the borrowers from the Corporation to reduce the indebtedness to them of landowners within their projects by an amount corresponding to the reduction of the borrowers' own indebtedness by reason of the refinancing made possible under the section.

The Reconstruction Finance Corporation is also authorized to accept from such districts the pledge of their outstanding evidences of indebtedness as security for loans bearing interest at the rate of 4 percent per annum.

Upon request of the Secretary of the Interior, the Reconstruction Finance Corporation is further authorized to make available not to exceed \$5,000,000 to the Federal reclamation fund for the completion of projects under reclamation or approved and authorized. The funds so advanced are to be repaid within 5 years with interest at the rate of



4 percent per annum, out of receipts accruing to the reclamation fund.

The conference agreement eliminates the provisions relating to loans to private corporations and to irrigation districts operating under contracts with the United States to aid in the payment of their operating and maintenance charges and the installation of necessary works. The provisions relating to the inclusion of dams, reservoirs, and electric power projects in the case of irrigation systems are also eliminated and the projects of borrowers which are eligible for loans are limited to those projects which have been completed prior to the date of enactment of the act.

The provision authorizing the Reconstruction Finance Corporation to accept from such districts the pledge of their outstanding evidences of indebtedness as security for loans is also omitted under the conference agreement and the provision relating to loans to the Federal reclamation fund is made a new section.

Section 37 increases the borrowing power of the Reconstruction Finance Corporation by \$325,000,000.

The conference agreement reduces this amount to \$300,000,000, since the additional \$25,000,000 is to be taken from the funds provided for in section 30 of the Senate amendment under the conference agreement.

Section 38 provides that when any Executive order heretofore transmitted to Congress under the recent reorganization law becomes effective, the functions and powers vested in the Farm Loan Commissioner by this amendment shall be exercised by him subject to the terms of that order. The conference agreement retains this provision.

Section 39 authorizes the Governor of the Farm Credit Administration, in carrying out the powers and duties vested in him or the Farm Credit Administration under Executive orders made under the recent departmental reorganization law, to establish and fix the duties of such organizations within the Administration as are necessary. The section also prohibits the payment of compensation to persons employed under the section at a rate in excess of \$8,500 per annum.

The conference agreement retains this section of the Senate amendment, but fixes the maximum salary limit at \$10,000 for the same reason that the change was made in section 33. See also amendment no. 27.

Section 40 authorizes the President to establish a national board of conciliation charged with the administration of the section and authorizes the appointment of State boards of conciliation in each State. The State board in turn is to appoint or designate local boards. The State and local boards are given the duty of bringing about between farm mortgagors and mortgagees and other parties interested in farm mortgage indebtedness adjustments in farm indebtedness by reduction of principal and interest, by increasing the time of the loans, by providing for amortization payments, and by agreements under which payments can be made in farm products and their proceeds at prices more nearly equal the price thereof when the mortgage was executed. The conference agreement omits this section of the Senate amendment.

Section 41: This section provides that the Federal land banks and all Government agencies making loans to owners of groves and orchards shall give a reasonable and fair value to growing fruit trees constituting a substantial part of the value of the property. The conference agreement makes this provision permissive rather than mandatory.

Section 42 contains the short title of this amendment which forms title II of the bill. The conference agreement adopts the Senate provision.

The Senate amended the title of the bill to conform to new matter inserted by the Senate amendments. The House recedes.

MARVIN JONES,  
JOHN D. CLARKE,  
CLIFFORD R. HOPE,  
WALL DOXEY,  
H. P. FULMER,

*Managers on the part of the House.*

Mr. GOSS. Mr. Speaker, I make the point of order against the conference report that the conferees have exceeded their authority in several instances. I call attention to page 10 of the bill, under Senate amendment 14, which reads:

Under regulations of the Secretary of the Interior requiring adequate facilities for the storage of grain on the farm, inspection—

And so forth.

That is the amendment as it passed the Senate, and the conferees recommend in their report the following language:

Under regulations of the Secretary of Agriculture requiring adequate facilities for the storage of any nonperishable agricultural commodity on the farm.

I respectfully call the attention of the Chair to the great difference between grain on the farm and any nonperishable agricultural commodity.

Likewise, on the same page, in Senate amendment 17, the Senate amendment reads:

The making of any such legal agreement shall not be held to be a violation of any of the antitrust laws of the United States—

While in the conference report it reads:

The making of any such agreement shall not be held to be in violation of any of the antitrust laws of the United States.

In other words, the conferees have brought another amendment into their report upon which neither the House nor the Senate have passed.

I would respectfully call the Chair's attention to the precedents. Speaker Cannon once held:

It is for the House and the Senate to determine upon the wisdom of it, and, as the House and the Senate never have considered that proposition, the Chair is of opinion that the conferees exceeded their power, and therefore sustains the point of order.

Similarly, as shown in Hinds' Precedents, volume V, section 6417, Speaker Cannon again followed this ruling. When Speaker Crisp was in the chair the question arose of the germaneness of an amendment brought in by conferees. The question was whether the amendment was germane either to the original bill in the House or to the Senate amendment. He held the same way, as shown by Hinds' Precedents, volume V, section 6408. Just because items are related is no test of their germaneness.

I call attention again, therefore, to the phrase "storage of grain on the farm", which was passed upon by the Senate, but as reported by the conferees the phrase reads, "any nonperishable agricultural commodity", all-embracing as compared to the simple word "grain."

Mr. CLARKE of New York. Mr. Speaker, will the gentleman yield?

Mr. GOSS. I yield.

Mr. CLARKE of New York. I do not understand the gentleman to contend that by striking out the word "legal", as suggested in the seventeenth amendment, the conferees have exceeded their authority.

Mr. GOSS. Yes. This is another matter. Yes; I may say to the gentleman, the conferees exceeded their authority there.

Mr. CLARKE of New York. How?

Mr. GOSS. Because neither House had passed upon the phraseology of this amendment.

Mr. CLARKE of New York. How have they exceeded their authority?

Mr. GOSS. Because they have changed the language of the Senate amendment. May I also call attention to the fact that there may be a vast difference between a legal agreement and simply an agreement? An agreement may be a gentleman's agreement. The conferees have taken out the word "legal."

Mr. DOWELL. Mr. Speaker, will the gentleman yield?

Mr. GOSS. I yield.

Mr. DOWELL. Might there not be an agreement that is in complete conflict with the bill?

Mr. GOSS. There might be; absolutely.

Mr. GILCHRIST. Then it is not an agreement.



Mr. GOSS. I call attention to the fact that certain language that has been agreed upon by either the House or the Senate has been so changed by the conferees as to give it an entirely different meaning.

Mr. DOWELL. As long as it does not change the meaning it would not be subject to the point of order.

Mr. GOSS. I would say the meaning had been changed very materially when you strike out the word "legal" and leave only the word "agreement" in the bill, because there are many kinds of agreements that might not be legal.

Especially do I wish to insist upon my first point of order.

Mr. JONES. Mr. Speaker, the gentleman's first point of order is that we strike out the word "grain" and make it thus applicable to any agricultural commodities in the matter of the payment of benefits.

This same thing could be done under the general terms of the House bill. I call attention to page 9, subdivision 1 of section 8:

(1) To provide for reduction in the acreage or reduction in the production for market, or both, of any basic agricultural commodity, through agreements with producers or by other voluntary methods, and to provide for rental or benefit payments in connection therewith—

And so forth. Then later it says:

In such amounts as the Secretary deems proper and reasonable.

This would cover the same feature. This is still another method of expressing the same sort of privilege that is granted.

The Senate amendment provides for rules and regulations. Rules and regulations, generally speaking, are authorized throughout the bill. This, clearly, is but another method of expressing the same thing that is provided for in other features of the House bill. Further, the Senate amendment provides that it shall apply to the different types of grain involved in the bill, and this simply makes it applicable to all commodities as provided in section 8 of the House bill.

Mr. GOSS. Mr. Speaker, will the gentleman yield?

Mr. JONES. I yield.

Mr. GOSS. Does the gentleman think the language "any nonperishable agricultural commodity" is the same as the word "grain"?

Mr. JONES. Any nonperishable commodity is included in the House bill. The theory of section 8 is also included in some of the other sections of the House bill. So the amendment is simply another way of applying the same provisions provided in the general terms of the bill. Therefore I do not think there is any question that this change of the Senate amendment covers matters already in the bill.

As to the other portion of the gentleman's point of order, he complains of the conferees striking out the word "legal." I call special attention to the fact that under the terms of the House bill any agreement could be made and it would not be subject to these laws. Under the terms of the House bill, there was not any exception at all. Agreements of any character could be made; and this, being a later act, would supersede all existing law. The Senate by inserting the word "legal" limited the agreements. By striking out the word "legal" we simply restore, practically, the provisions of the House bill. Really, striking out "legal" merely removes any contradiction in the language of the Senate amendment itself, because, as the Speaker will notice, the language is "the making of any such legal agreement shall not be held to be a violation of antitrust laws of the United States." The word "legal" is surplusage and would be contradictory as used here. Of course, if it is an agreement that is authorized, it would be a legal agreement; the term "legal" is tautological and pure surplusage.

Mr. GOSS. Will the gentleman yield?

Mr. JONES. Yes.

Mr. GOSS. Does the gentleman think there is any difference between a legal agreement and simply an agreement?

Mr. JONES. If an agreement is authorized by law, it becomes a legal agreement.

The SPEAKER. May the Chair inquire whether cotton would be included among the nonperishable commodities?

Mr. JONES. Cotton would be a nonperishable commodity. The SPEAKER. Did the Senate amendment take in cotton?

Mr. JONES. No. But the House bill takes in cotton, and that is what I am calling to the attention of the Chair.

The SPEAKER. We are now discussing the Senate amendment.

Mr. JONES. The Senate amendment, as such, does not take in cotton. However, cotton is covered in the bill as it passed the House, and the Senate amendment simply takes in grain in another method of treatment or another way of accomplishing the same purpose.

The SPEAKER. May the Chair inquire what is the purpose of putting in the word "nonperishable" rather than confining it to grain?

Mr. JONES. The word "nonperishable" was put in so that the storage facilities on the farm might be used in carrying out the general terms of the bill on any nonperishable commodities as well as on wheat. The other features of the bill provide for methods of payment of benefits. The effect of the Senate amendment was to make specific the language that was couched in general terms in carrying out the other provisions of the bill. The naming of the one makes it advisable to name the others.

The Senate amendment adds no power at all. They had the same power under the terms of section 8, and this is simply a specific method of carrying it out. They thought they could avoid the expense and make it simpler by keeping grains on the farm, and then it was thought if they were going to do that, the same privilege might be extended to all nonperishable commodities contained in the bill; but even without this amendment the same purposes are included in the general terms of the bill.

Mr. SNELL. Will the gentleman yield for a question?

Mr. JONES. Yes.

Mr. SNELL. In section 8, where is there provision for storage?

Mr. JONES. It provides for reduction in acreage and it provides for rental or benefit payments in connection with the reduction of acreage or production for market, or both.

Mr. SNELL. But there is not a single thing there relative to storage.

Mr. JONES. And that is followed by rules and regulations for carrying out the purposes, which would necessarily include storage.

Mr. SNELL. And the reason the Senate amendment was put in the bill was because there was no arrangement made for storage and the Senate amendment takes in only the storage of grain.

Mr. JONES. The only reason for putting in the Senate amendment was that they might make advance payments in these rental benefits without the necessity of these commodities being carried over and storage being paid. It is not for the purpose of having storage as such. Storage is merely an incident. The purpose is to have a method by which they can make advance payments on these commodities without carrying them over into final warehousing, and so forth, which would be expensive. If this amendment were not included, the same powers could be used.

Mr. SNELL. I may admit that your purpose is all right, but there is nothing in your original bill that speaks about the storage of grain on the farm, and that is the reason the Senate amendment was put in, and now you have gone beyond that.

Mr. JONES. There is nothing specifically said about storing on the farms, and yet—

Mr. SNELL. The gentleman said that section 8 provided for it.

Mr. JONES. And yet provision is made for the payment of rental and other benefits, and general powers are given for carrying out these purposes.

Mr. SNELL. But that is not storage of grain on the farm.

Mr. JONES. And provision is made for general authority to make rules and regulations in carrying out these purposes. I think this is a detail that would probably be pro-



vided without the Senate amendment by reason of the fact that provision is made for paying rental benefits and other benefits. It seems to me they would have the authority without this language, but as you have specified one of them, under the general terms of the bill, you might exclude the others by not mentioning them. I believe if the amendment were not there, under the general terms of the bill providing for the making of rental and benefit payments and the making and promulgating of regulations for the purpose of carrying them out, the Secretary of Agriculture could provide for storage on the farms, but the Chair is familiar with the old, old rule that if you have a general provision and then you specify certain things, by that very specification, by implication, you exclude those which are not included in the specification. So the insertion of this amendment makes it necessary, for the orderly carrying out of the general terms of the bill, that the other nonperishable commodities be included. If the amendment had not been included at all, I believe the same purpose would be accomplished under the general terms of the bill.

Mr. SNELL. It is very evident the Senate did not have in mind the same interpretation of the bill that the gentleman has or they would not have put in this amendment.

Mr. JONES. They evidently wanted to make certain in their own minds or—

Mr. SNELL. That is exactly correct—they want to make it certain.

Mr. JONES. Or at least some Senator did and it was probably acted upon on the spur of the moment. I think the argument was made in opposition to it that it was not necessary and then they said, "If it will not hurt anything, why not put it in?" They apparently did not consider the fact that putting it in the bill probably operated to exclude the others. If it had been left out altogether, it would have been all right.

Mr. SNELL. But as long as it is in the bill, the conferees must confine their efforts to what is in the bill, and for that reason I am thoroughly convinced it is subject to a point of order.

Mr. JONES. I assert that it is in the general terms of the bill and that the same authority granted in this amendment is granted in the general terms of the bill, and that therefore the conferees did not go beyond the range of their jurisdiction.

Mr. GOSS. Will the gentleman yield?

Mr. JONES. I will.

Mr. GOSS. I notice on page 9, subsections 1 of section 8, the following language:

To provide for reduction in the acreage or reduction in the production for market, or both, on any basic agricultural commodity through agreements with producers or by other voluntary methods—

And so forth.

The word "basic" is specifically used and the Senate amendment 14 made a basic item when it referred to grain on the farm. The conference committee comes in and says that any nonperishable article or commodity, whether it be basic or not.

Mr. JONES. It has to be a nonperishable agricultural commodity. Agricultural commodities are defined in the bill. It must be a nonperishable basic commodity.

The SPEAKER. The Chair is ready to rule. Senate amendment 17 has reference to making legal agreements. The conference committee leaves out the word "legal" and inserts that agreements shall be deemed to be lawful. The Chair does not see any difference, and the Chair overrules the second point of order.

A more serious question arises as to the point of order made against the conference agreement on Senate amendment 14. It seems to the Chair that the striking out of the word "grain" and the substitution thereof of the words "nonperishable agricultural commodities" by the conferees broadens the scope of the Senate amendment. The Chair thinks that the conferees did not confine themselves to the matter in disagreement but attempted to incorporate new matter into Senate amendment 14. Therefore the Chair sustains the point of order against the conference report.

#### MESSAGE FROM THE SENATE

A message from the Senate by Mr. Horne, its enrolling clerk, announced that the Senate had passed without amendment bills of the House of the following titles:

H.R. 48. An act to extend the time for completing the construction of a bridge across the Missouri River at or near Kansas City, Kans.;

H.R. 1596. An act to extend the times for commencing and completing the construction of a bridge across the Pee Dee River and a bridge across the Waccamaw River, both at or near Georgetown, S.C.;

H.R. 4127. An act to extend the times for commencing and completing the construction of a bridge across the Waccamaw River near Conway, S.C.; and

H.R. 4491. An act to extend the times for commencing and completing the construction of an overhead viaduct across the Mahoning River at Struthers, Mahoning County, Ohio.

The message also announced that the Senate had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 4606) entitled "An act to provide for cooperation by the Federal Government with the several States and Territories and the District of Columbia in relieving the hardship and suffering caused by unemployment, and for other purposes."

#### INDEPENDENT OFFICES APPROPRIATION BILL

Mr. O'CONNOR. Mr. Speaker, I call up House Resolution 128, a privileged report from the Committee on Rules. The Clerk read as follows:

*Resolved*, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H.R. 5389, a bill making appropriations for the Executive Office and sundry independent bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1934, and for other purposes, and all points of order against said bill or any provisions contained therein are hereby waived. That after general debate, which shall be confined to the bill and shall continue not to exceed 6 hours, to be equally divided and controlled by the gentleman from Virginia [Mr. Woodrum], and the gentleman from New York [Mr. Taber], the bill shall be read for amendment under the 5-minute rule. No amendments shall be in order to sections 4 to 17, inclusive, except amendments offered by direction of the Committee on Appropriations; and said amendments shall be in order, any rule of the House to the contrary notwithstanding. At the conclusion of the consideration of the bill for amendment the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and the amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. O'CONNOR. Mr. Speaker, I should like to ask the gentleman from Pennsylvania how much time is desired on that side on the rule?

Mr. RANSLEY. The usual time.

Mr. O'CONNOR. Mr. Speaker, I yield 30 minutes to the gentleman from Pennsylvania [Mr. RANSLEY].

Mr. Speaker, this is a rule making in order the consideration of the independent offices appropriation bill which is now before us by reason of the fact that it was vetoed by President Hoover during the last session of Congress.

The rule waives all points of order against the bill, grants 6 hours' general debate, provides for the reading of the bill under the 5-minute rule, with the usual amendments to those sections of the bill making appropriations, except that the rule provides that no amendment shall be in order to sections 4 to 17, inclusive, except amendments offered by the Committee on Appropriations.

The Appropriations Committee advised the Rules Committee that these sections 4 to 17 contained important matters of legislation covering the granting of authority to the President to cancel contracts under certain conditions, to order furloughs, to reduce "flying pay", and to carry out other economies. That committee stated it desired that no amendment be permissible to those sections except those amendments which might be offered by the committee.

The Rules Committee was informed that the measures had the endorsement of the administration and were desired by the administration. For that reason the Rules Committee



brought in this rule, which is a closed rule so far as those sections of the bill are concerned.

I want to say in behalf of the Rules Committee—and I think I express the sentiments of most of the Members—that it is not a pleasure to bring into the House rules which may appear to some Members to be too drastic. We only do it at the instance of the legislative committee. I assure you it is our desire to bring in as liberal rules as will meet the situation.

When this particular situation was presented to us, as it has been in other instances, we had only our duty to perform and follow out the wishes of the leadership of the House, and, so far as we could, the wishes of the administration.

Mr. SNELL. Mr. Speaker, will the gentleman yield?

Mr. O'CONNOR. Yes.

Mr. SNELL. I am very glad that the gentleman stated that this is more drastic than the usual rule along this line.

Mr. O'CONNOR. I did not say that exactly. I admit that the rule is drastic.

Mr. SNELL. It is more so than usual. The gentleman says that this is at the request of the committee.

Mr. O'CONNOR. Yes; the Appropriations Committee.

Mr. SNELL. Did he take into consideration the 8 or 10 other committees of the House whose prerogatives are taken away from them by the bringing in of this rule?

Mr. O'CONNOR. I do not follow the gentleman's question.

Mr. SNELL. The legislation that is made in order on this appropriation bill, if it had come through the regular committees of the House, would probably come from 6 or 8 different committees.

Mr. O'CONNOR. I imagine so, but I am not familiar enough with the details to state just how many committees would be involved.

Mr. SNELL. Did the gentleman take into consideration the rights of those committees in granting the rule to give this committee the right of legislation?

Mr. O'CONNOR. I might say to the gentleman that we did not specifically take into consideration the rights of those committees, because their rights were not brought to our attention. There was, for instance, no protest from the Committee on Military Affairs or the Committee on Naval Affairs as to any of these sections dealing with legislation that might come within the jurisdiction of those committees, so far as I recall.

Mr. SNELL. Were they informed in regard to the matter?

Mr. O'CONNOR. Oh, I imagine that they have had knowledge during all this session of what was going to happen in this particular bill.

Mr. BUCHANAN. Mr. Speaker, will the gentleman yield?

Mr. O'CONNOR. Yes.

Mr. BUCHANAN. When these legislative propositions came to me I wrote a letter to each committee from which it would come, setting forth the legislation in detail and advised them fully of the facts. I told them that we would be very glad to confer with them or hear from them or anything else that they wanted.

Mr. SNELL. The gentleman from New York remembers very well when we set up the present Committee on Appropriations, taking the appropriating powers away from the other standing committees of the House.

Mr. O'CONNOR. I know the history of it, but I was only a little bit of a tot at that time.

Mr. SNELL. Well, I was grown up, and was a Member of the House at that time, and I know the conditions. It was definitely understood that the Committee on Appropriations was only going to make appropriations; that it was not going to absorb all of the rights of the legislative committees. Of course, occasionally we have brought in rules making in order matters of legislation when something was necessary at the time; but never in the history of this House, so far as I know, have we deliberately made 14 sections of a bill in order, all containing legislation and having to do with the rights of some 6 or 8 independent committees of the House.

Mr. O'CONNOR. I think the gentleman overlooks the fact that while they be legislation, yet they do involve the appropriation of money and the expenditure of money by the Government.

Mr. SNELL. I would expect that to be true to a certain extent, but it violates every principle and precedent of the House in all these years.

Mr. O'CONNOR. I am not so sure of that. I believe you will find precedents.

Mr. BRITTEN. Mr. Speaker, will the gentleman yield?

Mr. O'CONNOR. Yes.

Mr. BRITTEN. The gentleman in his remarks a moment ago indicated that the request for this rule came from the legislative committee. Of course, he meant by that the Committee on Appropriations.

Mr. O'CONNOR. Yes.

Mr. BRITTEN. In that connection the gentleman has stated that 14 sections of the bill embody legislation desired by the administration, which means the White House. I agree with the gentlemen on that side of the aisle that if the White House desires certain legislation and desires that that legislation be not changed one iota in 14 sections of this bill, it is perfectly proper for that side to bring in a gag rule, because that is the only way they have passed legislation up to the present moment. They are but following in their usual footsteps. I think the gentleman's attitude is entirely in keeping with all previous procedure of the present Congress. This is just another gag rule. The Members of Congress are not permitted to think for themselves. The administration does the thinking for Congress, and then sends legislation up here and requests the Congress to pass it, and gentlemen on the Democratic side swallow it, hook, bait, and sinker, and pass the legislation without change in the dotting of an "i" or the crossing of a "t", simply because that is the way the administration wants it. It is perfectly natural that great metropolitan newspapers are referring to the present Congress as a "rubber-stamp" one.

Mr. BYRNS. I wonder if the gentleman ever did anything of that kind himself?

Mr. BRITTEN. Not yet. I may 2 years from now.

Mr. O'CONNOR. Mr. Speaker, as I said before, this rule was represented to us as being necessary. I hope it is the last one that we will be compelled to bring in unless most extraordinary circumstances call for it. I reserve the remainder of my time.

Mr. RANSLEY. Mr. Speaker, I am opposed to this rule because it prevents amendment to sections 4 to 17, inclusive. This is a tight and fast rule, similar to those that we have been having for the last two or more months.

I am opposed to the bill because it legalizes the breaking of contracts. In that respect I call attention to page 15 of the report, where, in a concise and argumentative manner, that part of the bill is opposed by the minority views and signed by 12 members of the Committee on Appropriations.

I am opposed to the bill because in section 10 we find it is impossible to amend or strike this section from the bill. That section provides:

That the President is authorized to place on furlough such officers of the Army, Navy, and Marine Corps as he deems desirable.

In the furloughing of officers no one knows how many are to be furloughed. We do not know whether it is to be 1,000, 2,000, 3,000, or 4,000 officers.

In that connection permit me to state that a high officer of the United States Army appeared before the Military Affairs Committee some 10 days ago and, when questioned along these lines, stated that he had not been consulted; he knew nothing about it, but if a severe cut like one of 2,000 or more officers was made by furlough, it would be utterly impossible for the Army to function under the National Defense Act.

I am opposed to the rule because it will be impossible to change in any way section 11 of the bill, where the President is authorized, in his discretion, to suspend the extra pay allowed the officers and men of the Army and Navy while on flying duty. The same officer, when questioned with reference to the cut in the pay of the Flying Corps, stated that



it would undoubtedly affect the morale not only of the officers but of the men as well.

I am opposed to the rule and will not only vote against the rule but will vote against the bill, because I find under the heading "Veterans' Administration" there is to be a cut of over \$34,000,000. This cut is made possible by closing what is known as the "regional offices." These offices were originally established so as to save not only the time but the money of the defenders of our Nation.

Mr. Speaker, for the reasons I have given I will not only vote against the rule but will vote against the bill. [Applause.]

Mr. O'CONNOR. I only have one further speaker on this side. Will the gentleman use some more of his time?

Mr. RANSLEY. I yield 8 minutes to the gentleman from Massachusetts [Mr. MARTIN].

Mr. MARTIN of Massachusetts. Mr. Speaker, the Democratic leadership of this House is steadily and progressively becoming more reactionary every time we consider legislation. The only ray of light that those of us who have been seeking liberal consideration of legislation have had was the statement made by the gentleman from New York [Mr. O'CONNOR] when he said he hoped this would be the last gag rule that would be reported to the House.

Mr. TABER. Will the gentleman yield?

Mr. MARTIN of Massachusetts. I yield.

Mr. TABER. Does the gentleman expect that the gentleman from New York [Mr. O'CONNOR] will be allowed to have his own way along that line?

Mr. MARTIN of Massachusetts. Well, I cannot say as to that; but I would say the gentleman is a very valuable member of the committee, and his views ought to be considered. [Laughter and applause.]

We have been so accustomed to gag rules I do not know whether we would be able to legislate if they were removed. Certainly they are always in evidence when we consider legislation.

The gentleman from New York [Mr. O'CONNOR] said this rule only applies to sections 4 to 17, but I want to call attention to the fact that these sections are the controversial part of the bill. The gentleman from Pennsylvania [Mr. RANSLEY] has explained some of the controversial features of this bill, and you will observe no Member of the House will be able to register an opinion upon those sections. Only through opposition to the rule can you express your convictions.

The demand for gagging the House has carried us to unusual efforts.

Last week the able Member from Missouri [Mr. CANNON], a Democrat and a distinguished parliamentarian, pointed out when we removed the divisibility rule we changed a rule that Thomas Jefferson first brought into effect in the Continental Congress; we changed a rule that was good enough for every Congress from Muhlenberg down through John Garner; but it is not good enough or tight enough for this House. We insisted in eliminating the old Jeffersonian landmark.

Now, today we have gone even further as a reactionary House in the consideration of legislation because we have wiped out the prerogatives and are destroying the committees of this House. Twelve years ago when the House decided to establish the Appropriations Committee, in the interest of economy, it was specifically understood that the committee would not infringe upon the jurisdiction of the several committees of the House; yet here many committees are being waived aside. It is in effect being maintained that one committee is best able to determine what shall be the decision upon these items which are coming before us. This withstanding the fact that many of the members of the other committees have made a life study of the subject.

I want to read a statement from a distinguished Democrat—from a Democrat who today holds a high place in the Democratic councils. Vice President Garner took part in the debate at the time of the establishment of the Committee on Appropriations, and this is what Mr. Garner said on May 27, 1921:

I said then, and I repeat now, that if the committee will do its duty it can be of great service to the country in the matter of economy. But if it undertakes to usurp the power of the other committees its life will be limited and its services at an end. You cannot let one committee of 35 members absorb the powers of the entire Congress. There will be a revolt sometime, led by somebody, that will bring about a different system. And I hope in the future the Appropriations Committee will keep within the rules of the House of Representatives and thereby continue its life. [Applause.]

These words were uttered by Mr. Garner and we should hesitate today and ponder over them. How prophetic they appear and what irony of fate that his own party is working to bring about the situation he feared.

At the last session of Congress we almost destroyed our national defense by putting into the hands of the Appropriations Committee power with reference to legislative matters that should have been handled by the Military Affairs Committee. Today we go further and in many directions. Unless we soon stop we will regret our new policy.

I am not making an appeal in a partisan sense. I am asking the House to consider this, not as a Republican but as a Member of this House who wants fair and full consideration of all the subjects that come before us. In this spirit I ask the House to vote down this rule. Let us consider the whole bill in an orderly way and open to amendments. If we do so, I believe we will get a good bill; one that will most fairly reflect the views of the House; and, above all, we will protect the integrity of the House.

The issue before us is a simple one. In voting you are asked to express your views in one of two ways. Either you are going to protect the rights of the Members of the House, you are going to protect the powers of the several committees, or you are going to vote to destroy the committees. If you vote for this gag rule, it will be an expression of the belief we should have an oligarchy in this House—that a few men should rule. This is the simple question before us, and I leave it for you thinking Members of Congress to decide in the interest of justice and in the interest of orderly procedure. [Applause.]

Mr. O'CONNOR. Mr. Speaker, I yield 5 minutes to the gentleman from New York [Mr. MEAD].

Mr. MEAD. Mr. Speaker, while I am not very friendly toward gag rules, I have been forced to endure them over a period of 12 years under Republican leadership; and by reason of being subject to such discipline, I find myself now in the position where I can at least tolerate them even though they do come from the Democratic side of the House. [Applause.]

The minority report on this bill lays particular stress on Federal contracts. If it evidenced little more interest in the welfare of our Federal employees it would merit greater sympathy and consideration from me.

I want to explain very briefly what particular contracts may be included in the legislation contained in this bill. Star route, mail messenger, air mail, and ocean mail contracts as they apply to the Post Office Department, of course, will come within the purview of this measure.

Under the able direction of the present Postmaster General, Mr. Farley, and his able corps of assistants, star-route contracts and mail messenger contracts are being reduced, and the Government will save millions of dollars due to this enlightened policy. However, a different problem confronts them with respect to air mail and ocean mail contracts. While I am not a lawyer and cannot delve deeply into the legality of these contracts, I can say to you that at least a number of these contracts are rather shady; and I could say without exaggeration that the air mail situation is a bad mess as a result of the improper administration of the Watres Act by the last Postmaster General.

Authority should be given someone to exercise drastic control over this situation. We have been spending millions on our subsidies with a lavish hand, while attempting to balance the Budget by reducing the wages of our workers.

A few years ago we passed the Watres Act, in which we specified that a certain limited sum of money could be paid



as a subsidy to passenger-carrying lines. I am ready to make the statement here and now that the Postmaster General disregarded that legislative mandate and increased the subsidies far beyond that limitation which was contained in the Watres Act.

What else did he do to make necessary legislation such as contained in this bill? Just before he left office he issued many new contracts. Perhaps they were legally right, but morally they were wrong and unjustifiable. I will cite a few of the instances for the information of the House.

*List of extensions awarded in the Air Mail Service shortly before close of last administration*

Route	Company	New service	Mileage	Month	Year	Date
No. 34 New York-Los Angeles.....	Transcontinental & Western Air..	Columbus-Fort Wayne to Chicago.....	285	\$7,082.36	\$34,988.42	Feb. 1, 1933
Do.....	do.....	Los Angeles-Bakersfield-Fresno to San Francisco.	353	11,257.24	135,086.87	Do.
No. 27 Bay City-Chicago.....	Trans-American Air Lines.....	Toledo-Columbus.....	114	3,294.12	39,529.50	Feb. 10, 1933
Do.....	do.....	Detroit-London to Buffalo.....	213	6,277.90	75,334.90	Feb. 11, 1933
No. 9 Chicago-St. Paul.....	Trans-American Air Lines.....	Albany-Springfield to Boston.....	162	10,672.96	128,075.58	Feb. 12, 1933
Do.....	Northwest Airways.....	Bismarck-Glendive-Miles City-Billings.....	394	9,791.06	117,492.76	Mar. 2, 1933
Do.....	do.....	Milwaukee-Grand Rapids to Detroit.....	253	12,131.04	145,572.59	Do.

Although the Department eliminated some of the air-mail mileage which was flown at that time, still, as a result of these new services given out during the closing hours of the last administration, drastic action is now necessary. If those contracts are continued at the rates specified, the Appropriations Committee will have to provide for the deficiency.

Now, what is the practical situation with regard to the Air Mail Service? The present administration has an air mail set-up authorized by the former Postmaster General that will cost the Government \$20,000,000 a year. Inasmuch as Congress has provided only \$15,000,000 for the Air Mail Service for the next fiscal year, something must be done. Contracts will have to be canceled, air-mail mileage will have to be reduced, branch lines will have to be eliminated, subsidy pay will have to be cut down. Any or all of these steps may have to be taken. No new extension should have been approved until Congress had decided upon the amount to be appropriated.

Mr. O'CONNOR. Mr. Speaker, I yield the gentleman 2 additional minutes.

Mr. MEAD. Some of these extensions were given out as late as March 2 last. In view of the impending deficit and the administration then in its closing hours this action was unwarranted. I remonstrated with the Postmaster General; I urged him to leave the situation for his successor. But he could not be stopped. The present administration is certainly in a most embarrassing situation; they require our support and cooperation. I do not believe a Cabinet officer ever went out of office before with so little regard for his successor or the condition of the service.

Mr. CARTER of Wyoming. Will the gentleman yield?

Mr. MEAD. No; I am sorry, I only have a minute or two.

So I repeat the air mail situation needs correction, and it will be corrected by the present administration. It is perhaps too early for the administration to have secured the proper background and the knowledge necessary to press for intelligent, sound legislation, but I can tell you they are giving this question their earnest and sincere thought, and at an early date they will recommend legislation to reduce this subsidy and to place the air mail on a sound and permanent basis.

Now, what is the situation with regard to ocean mail contracts? The Postmaster General just before he left office tried to put two new contracts into operation. They were called "route 57" and "route 58." He failed only because he did not have time to fully complete the deal. These two contracts ought to be investigated, and I simply want to explain to the House that these are just a few of the contracts that might be covered by this bill. They need some attention. [Applause.]

The Post Office Department's contracts do not always contain a cancellation clause unless after a specified term of years. I will insert with my remarks a portion of an ocean mail contract which explains the manner by which it may be terminated:

(a) That the term of this contract shall be 10 years beginning at a date optional with the contractor, but not later than 18 months from February 21, 1933.

(b) That this contract, upon agreement of the Postmaster General and the contractor, may be terminated 5 years from February 21, 1933, or at any time after the expiration of said 5 years.

In witness whereof the parties hereto have executed this contract as of the day and year opposite their names appearing.  
Signed February 25, 1933.

[SEAL]

THE UNITED STATES OF AMERICA,  
By WALTER F. BROWN, Postmaster General.

In the presence of  
KENNETH MACPHERSON.

Signed February 24, 1933.

[SEAL]

LYKES BROS.-RIPLEY STEAMSHIP CO., INC.,  
By JAS. M. LYKES, President.

Witnesses:

HARDIN B. ARLEDGE.  
G. H. GRAYSON.

Mr. RANSLEY. Mr. Speaker, I yield 5 minutes to the gentleman from New York [Mr. SNELL].

Mr. SNELL. Mr. Speaker, considering the statement that my friend from New York [Mr. O'CONNOR] made when he presented this resolution to the House, when he practically apologized before the Rules Committee for bringing in any such rule, and said it was done by the direct order of the President himself or the administration, which means the President, I think I ought to call the attention of the House to a statement made by the distinguished President when he was a candidate, criticizing a Republican legislature in Albany for voting as a party on measures. Here is what the President said before election:

There are three ways of defeating proposed legislation. One is the method followed in the early days of our Republic, and which most truly conforms to the correct practice of a democracy.

This is consideration of each proposal in open session and serious debate, in an open-minded and nonpartisan spirit and with a sincere desire to weigh its merits. If it is found inadvisable or unwise, it is then slain, after a fair and open battle, and the reasons for such action are open for all the voters to examine and judge for themselves. This is the way in which all bills of real importance which have been shown any considerable approval and support by the voters of the State should be treated.

This is the way your own President says you should consider all important legislation, and notwithstanding this fact, and notwithstanding the fact that you have a majority of 200 in this House, you have not had the courage to bring one single important measure in here and consider it as your own President says it should be considered. Still you say you are following his orders. Was he right when he made this statement, or when he gave the orders my friend O'Connor refers to?

Now, just one further suggestion from your own President:

The second method is by the lash of the party whip, the demand on the legislators by their party leaders that they divide according to their political affiliations and leave to the master minds of their organizations the responsibility as to whether such action is justified or not.

He says you should not leave it to the master minds of the organization to make these decisions. As a matter of fact, the way you are going now you do not even leave it to the master minds of your own organization, but you leave it entirely up to the brain trust in the White House and you simply pass it under the lash of the party whip. [Applause.]

Further quoting the President:

In this procedure the bill, when brought up for discussion, is foredoomed to failure, and all debates thereon are of a purely perfunctory nature; nor can any argument or reasoning change the final vote. There is no possible justification for the adoption of this course on bills which are avowedly nonpartisan in character.



Notwithstanding your President's own statement, the gentleman from New York justifies his procedure here today by saying these are the direct orders from the White House. I leave the decision with you. Where is the independent part of the Democratic Party you have always bragged about so much? You are the most docile legislators I have ever seen. [Applause.]

Mr. O'CONNOR. Mr. Speaker, I yield myself 1 minute just to deny that I said we are proceeding under "orders of the White House" or "from the President." The word I used was the "administration."

The Rules Committee was advised that these 14 sections of the bill represented the legislative desires of the administration to accomplish its purpose of economy and efficiency. This was the whole intent of anything I may have said on the floor today. If, after what the country has gone through during the last 3 years, all we have done so far in this session to save the country is attributed to a "brain trust", let me say, please God, continue the brains! [Applause.]

Mr. RANSLEY. Mr. Speaker, I yield 5 minutes to the gentleman from New Jersey [Mr. LEHLBACH].

Mr. LEHLBACH. Mr. Speaker, the legislative rider on this bill comprises nine important substantive provisions of legislation. Heretofore, when riders in the House were carried on an appropriation bill they were incidental to provisions relating to the subject matter for which the appropriation was being made. But these nine legislative provisions have nothing to do with the appropriations for the independent offices of the Government.

Not only is the rule and the procedure of our House grossly violated by putting in nine substantive provisions in the bill but those provisions are not subjects of deliberation. Further than that, they are not permitted to be read here. We are not allowed in the committee to read these nine provisions and deliberate upon them. And yet, we heard over the radio last night that Congress determines the policies and empowers the President to carry them into effect—when, as a matter of fact, Congress is not even allowed to know what the provisions are, much less determine them.

These provisions are fraught with the greatest importance. In section 4 we have a provision that any person who has been reallocated since June 1932 must go back to the pay he was receiving before such reallocation.

What does that carry with it? It has been held time and time again that such a provision was retroactive, and men in the employ of the Government since June 1932, to this date, will have to pay back into the Treasury the increase in salaries they have lawfully been receiving during this period.

We have in section 6 the right absolutely to cancel contracts—not to negotiate for their reformation, but absolutely to cancel them. Under that provision it is possible absolutely to destroy the merchant marine. Everybody knows that the ocean-mail pay has no relation to the mail-carrying service. It is frankly a subsidy and was so understood when it was enacted into law in 1928.

Contracts have been entered into by the steamship companies with shipyards to use the mail money for new construction, and commitments of millions of dollars out of the treasuries of the various ship companies have been made. When the mail contracts are canceled the obligation to carry on shipbuilding continues. In other words, you will bankrupt everyone who has a contract canceled.

There are provisions here with respect to personnel which are not well thought out, and which in some instances are unworkable and unnecessary hardships and injustice will ensue. I have not the time to go into the details.

Section 10 provides that our national defense so far as the Army is concerned may absolutely be crippled. There is no limitation on furloughs with half pay, but complete power is vested in the President. It is exactly like retiring on half pay.

[Here the gavel fell.]

LXXVII—192

Mr. RANSLEY. Mr. Speaker, I yield 4 minutes to the gentleman from Michigan [Mr. MAPES].

Mr. MAPES. Mr. Speaker, of course, there is not time to discuss adequately this rule and the merits of the legislation in the time allotted, but I do want to call attention to the unfairness of this particular rule as applied to this bill. It is more indefensible, if anything, as applied to this bill and the situation which confronts the House today than the other gag rules which have been passed during this session of Congress. This is true because it proposes to make in order such important legislation on an appropriation bill, and if the rule is adopted the House will be obliged to pass the legislation or defeat the appropriations for the independent establishments of the Government. The rule proposes to make in order sections 4 to 17, inclusive, 14 sections of legislation in this appropriation bill in violation of the regular rules of the House. After the passage of the Budget law the rules of the House were amended concentrating all appropriations in the hands of the one Committee on Appropriations. At the same time it was contemplated that the Committee on Appropriations would confine itself to reporting bills making appropriations in accordance with existing law, and the power to report legislation such as is proposed in this bill was expressly taken away from the committee. Accordingly, rule XXI, subsection 2, was adopted, which provides in substance, among other things, that no provision in an appropriation bill changing existing law shall be in order unless it shows on its face that it will reduce expenditures. It was the purpose of that rule to have the regular standing legislative committees report the legislative bills, but here is a supply bill carrying an appropriation of \$530,000,000 to keep the independent establishments of the Government in operation, and by this rule the House is asked to make in order sections 4 to 17, inclusive, which are new legislative proposals entirely and have nothing to do with appropriations. Each one of the 14 sections treats of important and distinct legislative matter. Amendments to them, except committee amendments, not only are not in order under the rule but it will not be in order to strike out any one of the sections or to get a vote on the motion to strike out if this rule is adopted.

How does that affect my constituents, for example? They have been trying for a long time to obtain an air mail contract for the carrying of mail from Grand Rapids to Milwaukee across Lake Michigan, thereby saving several hours. Air mail can be carried across Lake Michigan in something like an hour, but to go by train it must go from Grand Rapids to Chicago, and then to Milwaukee, which takes several hours, I do not know just how many, but enough so that the mail cannot go from one city to the other and be delivered on the same day as it can if it goes by air mail. According to the hearings before the committee, the Second Assistant Postmaster General testified that if this legislation passed he proposed to look into this contract with a view of abolishing it. I should like to have an opportunity to consider this proposition on its individual merits, and to get the expression of the House on a motion to strike out the section carrying this authorization, but under this rule there will be no opportunity to do that.

I am opposed to other provisions in the bill, especially those relating to the retirement of civil-service employees of the Government after 30 years' service, to the reduction or suspension of flying pay in the military service, to the retirement of officers and men in the Regular Army, to mention only a few. The House ought to have a chance to vote upon these separate propositions, but there will be no opportunity to do so under this rule. We must either refuse to vote for this supply bill entirely, or vote for all of this legislation. As for me, as long as we have until the 1st of July to pass the appropriations if need be, I shall vote against the entire bill rather than vote for the legislation which it contains. I think the House should vote down the entire bill, return it to the Committee on Appropriations, and let that committee report an appropriation bill not loaded down with legislation. [Applause.]



The SPEAKER pro tempore (Mr. SIMOVICH). The time of the gentleman from Michigan has expired.

Mr. RANSLEY. Mr. Speaker, I yield the remainder of my time to the gentleman from New York [Mr. TABER].

Mr. TABER. Mr. Speaker, this rule makes in order 14 or 15 separate legislative propositions which would normally come from at least seven committees, and I do not know but more, and the provisions are very drastic. The object of the rule is this: None of these propositions would stand alone. They are thrown together so that the majority in the House will feel hog-tied enough to vote for the whole thing. They think that you folks on the Democratic side are prepared to swallow the sucker, whole. I am not going to discuss the details of the legislative provisions at this time, but I say to you as a member of the Committee on Appropriations I hate to see such a string of legislation tied to an appropriation bill. It is vicious. I am afraid it is destructive of the real service and the real good that an appropriations committee can do.

I hope the rule will be voted down and that we can have these items of legislation, if they have to be considered, considered under the general rules of the House, so that they may stand or fall according to the merits of each one. If they had solid merit, it would not be necessary to hog-tie them together. If they were really in the interest of the people, we would not have to go at the matter in this way.

The SPEAKER pro tempore. The time of the gentleman from New York has expired.

Mr. O'CONNOR. Mr. Speaker, I yield the remainder of my time to the gentleman from Texas [Mr. BUCHANAN].

Mr. BUCHANAN. Mr. Speaker, it is utterly impossible to discuss the merits or demerits of the legislation in this bill in 14 minutes. I shall only ask my colleagues on the Democratic side at least to take my word for it that every piece of legislation included within the scope of the rule has for its purpose efficiency in administration or economy in the saving of the taxpayers' money. Every piece of it is one link in the well-mapped-out program of the great President of the United States, to establish this Government on an economical basis. My friend from New York [Mr. TABER] says that we ought to let these things come on the floor of the House for open discussion. They claim that they did that. They had 12 long years to relieve this country, and they did nothing but plunge into financial despair; and now when we have a man who is trying to do something about it, we hear a howl from that side of the House.

I am going to pass over all of these amendments except one, and that is the one that the Republican members of the Committee on Appropriations filed minority views against. Twelve of them signed those minority views, because they say we ought not to vest in the President the right and power to modify or cancel transportation contracts, when it appears to him that the interests of the United States demand it and he could make a substantial saving by doing so. That is what the provision is. What contracts come within the purview of that provision? Principally domestic air mail and foreign air mail and merchant marine contracts. There are 46 merchant marine contracts on which we make a yearly expenditure of \$29,700,000. There are 9 foreign air mail contracts on which we spend \$7,000,000. There are 23 domestic air mail contracts on which we expend \$20,000,000, making a total of approximately \$57,000,000. How much of that is for subsidy and how much for service? Over \$42,000,000 is essentially and purely a subsidy, money given, donated to encourage air navigation and steamboat lines.

The minority report says the authorities have a right to cancel or modify these contracts. I tell you there is no authority vested anywhere to cancel any of these contracts, except a foreign air mail contract. The merchant marine contracts are subject to cancellation only by mutual agreement. Foreign air mail contracts are subject to cancellation by Congress or by the Postmaster General, by giving 1 month's pay. For them, this legislation would not be needed. Domestic air mail contracts can be canceled only

for willful neglect on the part of the contractor to perform his duty under that contract.

We made an appropriation of \$19,460,000 for domestic air mail contracts for this year. It was apparent at the commencement of this fiscal year that, unless something was done, there would be a deficiency in that appropriation.

The law provides that if the head of any department permits a deficiency to occur in his department, he is subject to summary dismissal from office, \$100 fine, or 30 days in jail. What are the facts? On December 19 the Republican Postmaster General ascertained there was a deficiency in this appropriation. He called in his contractors and he said, "We have to make reductions in the amount the Government pays you." He made the reductions, but he failed to realize the saving he expected on the conversion of routes 33 and 34 from a contract to a certificate basis. So that it left the air mail appropriation with a deficit, contrary to law. What did he do from the 19th of December to the end of his term to avoid that deficit and obey the law? Nothing to avoid the deficit. What did he do to increase it? On February 10 he established a new line, contrary to the plain provisions of two statutes enacted by Congress. One of them reads:

After July 1, 1931, the Postmaster General shall not enter into any contract for the transportation of air mail between points which have not theretofore had such service, unless the contract air mail appropriation proposed to be obligated therewith is sufficient to care for such contract and all other obligations against such appropriation without incurring a deficiency.

Mr. TABER. Will the gentleman yield?

Mr. BUCHANAN. For a question and nothing else.

Mr. TABER. Would not that provision of law make such a contract as the gentleman is referring to invalid, and not require any such thing as this legislation?

Mr. BUCHANAN. That is very doubtful. That provision of law makes the act of the Postmaster General in entering into all new air mail contracts since January 1, 1933, unlawful and criminal, and the provision in this bill vests in the President the authority and right to cancel or modify such contract; and all other contracts that would never become self-sustaining or that are unconscionable.

Mr. MOTT. Will the gentleman yield?

Mr. BUCHANAN. After I have finished my statement I will yield if I have time.

On February 10, less than 25 days before his term expired, the Postmaster General entered into a contract to establish a new air mail route from Los Angeles to San Francisco, actually duplicating a route already in existence. What do you think of that? There was already a route in existence and in operation, and he establishes another between the same cities. Is there anything rotten there? Was he paying political debts or was somebody's pocket being lined with gold out of the Public Treasury? The time has come when the light of intelligent Democratic administration should be shed on all contracts made under circumstances like this.

Mr. MOTT. Will the gentleman yield for a question?

Mr. BUCHANAN. No. If I have time when I get through assembling these facts I will yield, but not unless I do.

Now, what else? The Postmaster General obligated the Government to pay \$145,000 a year until 1936 for that contract, duplicating an existing one and increasing the deficit in that appropriation, in the face of the statute.

Is that all? On March 2, just 2 days before his term of office expired, he entered into another contract to establish another new route from Mandan, N.Dak., to Billings, Mont., for which he obligated the Government to pay \$105,000 a year from the time it was entered into until 1936.

Oh, gentlemen, what was the necessity to establish these routes? There was no emergency; no great employment of labor by those contractors. The Postmaster General only had 2 days more in office. What powerful motive was working in his breast to make him violate all precedents heretofore established by those going out of office? To make him violate the express provisions of the law so plain a way-faring man, though fool he be, can understand; yet he



enters into the contracts under those circumstances, 2 days before his term expires.

Is that all? Again, on March 2, he established another new route and enters into another contract, from Milwaukee, Wis., over Lake Michigan to Detroit, Mich., by Grand Rapids, and for that he obligated the Government in the sum of \$145,000 a year from March 2, 1933, until March 2, 1936.

Mr. O'MALLEY. Mr. Speaker, will the gentleman yield?

Mr. BUCHANAN. I yield.

Mr. O'MALLEY. Does the gentleman know that the route from Milwaukee to Detroit, the extension of which was granted on March 2, had been promised by the Post Office Department for 3 years and at the last minute they finally lived up to their promise and gave us the route?

Mr. BUCHANAN. If it was justified, why was it not established before? Three years having elapsed while they were considering it, why could they not have left its merits to be passed upon by the new administration which would be charged with the administration of the contract?

Mr. MOTT. Mr. Speaker, will the gentleman yield?

Mr. BUCHANAN. I yield.

Mr. MOTT. I understand the gentleman to say that the contracts he has been talking about are, in his opinion, illegal?

Mr. BUCHANAN. Unlawfully entered into by the Postmaster General, and should be reviewed, modified, or canceled as facts justify.

Mr. MOTT. Is it the gentleman's contention that it is necessary for Congress to pass an act to empower the Government to cancel an illegal contract?

Mr. BUCHANAN. It is not necessary, but it is expeditious. It is businesslike, because the Executive can have the contracts looked into and modify or cancel them by Executive order; whereas if the matter is allowed to go through the courts it may drag along for years, until the term of the contracts expire.

Mr. TABER. Mr. Speaker, will the gentleman yield?

Mr. BUCHANAN. I yield.

Mr. TABER. Is not the reason it is expeditious because if this provision of law is enacted the contractor can collect damages from the Government whereas he could not if the contract were voided under existing law?

Mr. BUCHANAN. Oh, the gentleman is raising sand about this, yet at the very last session of Congress his side voted for congressional repudiation of one of these contracts, voted against including in the Post Office Department appropriation bill money to carry out the contract subjecting the Government to damages which he now seems to fear so much.

[Here the gavel fell.]

Mr. O'CONNOR. Mr. Speaker, I move the previous question on the resolution.

The SPEAKER pro tempore. The question is on ordering the previous question.

The question was taken; and on a division (demanded by Mr. SHANNON) there were—ayes 139, noes 70.

So the previous question was ordered.

The SPEAKER pro tempore. The question is on agreeing to the resolution.

Mr. SNELL. Mr. Speaker, I ask for the yeas and nays on the adoption of the rule.

The yeas and nays were ordered.

The question was taken; and there were—yeas 202, nays 156, not voting 73, as follows:

[Roll No. 35]  
YEAS—202

Adams	Bloom	Byrns	Cochran, Mo.
Allgood	Boehne	Cady	Coffin
Arnold	Boland	Caldwell	Colden
Ayres, Kans.	Brooks	Carden	Cole
Bailey	Brown, Ky.	Cartwright	Collins, Miss.
Beam	Brown, Mich.	Cary	Cooper, Tenn.
Beiter	Buchanan	Castellow	Corning
Berlin	Buck	Celler	Cox
Biermann	Bulwinkle	Chapman	Cravens
Bland	Burch	Church	Crosby
Blanton	Burke, Nebr.	Clark, N.C.	Cross

Crowe	Griswold	McReynolds
Crump	Haines	Major
Cullen	Hamilton	Mansfield
Cummings	Harlan	Martin, Colo.
Darden	Hart	Martin, Oreg.
Dear	Harter	May
Deen	Hastings	Mead
Delaney	Henney	Miller
DeRouen	Hildebrandt	Milligan
Dickinson	Hill, Samuel B.	Mitchell
Dies	Hoidale	Montet
Dingell	Huddleston	Moran
Disney	Hughes	Nesbit
Doughton	Imhoff	O'Brien
Drewry	Jacobsen	O'Connell
Driver	Jeffers	O'Connor
Duffey	Jenckes	Oliver, Ala.
Duncan, Mo.	Johnson, Okla.	Palmisano
Durgan, Ind.	Johnson, W. Va.	Parker, Ga.
Eagle	Jones	Persons
Eicher	Kee	Patman
Elzey, Miss.	Keller	Peterson
Faddis	Kemp	Peyser
Farley	Kenney	Pierce
Fiesinger	Kniffin	Pou
Fitzgibbons	Kocialkowski	Ramspeck
Fitzpatrick	Kopplemann	Randolph
Flannagan	Kramer	Rankin
Ford	Lanzetta	Rayburn
Fuller	Larrabee	Reilly
Fulmer	Lee, Mo.	Richardson
Gambrill	Lesinski	Robertson
Gasque	Lewis, Colo.	Robinson
Gillette	Lindsay	Rogers, N.H.
Glover	Lloyd	Rudd
Gray	Ludlow	Ruffin
Green	McCarthy	Sanders
Greenwood	McClintic	Sandlin
Gregory	McGrath	Schaefer
Griffin	McKeown	Schuetz

#### NAYS—156

Allen	Doutrich	Kurtz	Richards
Andrew, Mass.	Dowell	Kvale	Rogers, Mass.
Andrews, N.Y.	Dunn	Lambertson	Rogers, Okla.
Ayers, Mont.	Eaton	Lambeth	Secrest
Bacharach	Eltse, Calif.	Lanham	Seger
Bacon	Englebright	Lehlbach	Shannon
Beck	Evans	Lehr	Shoemaker
Beedy	Fish	Lemke	Simpson
Blanchard	Fletcher	Lozier	Sinclair
Boileau	Focht	Luce	Smith, Wash.
Bolton	Foss	Lundeen	Snell
Britten	Frear	McCormack	Stalker
Browning	Gibson	McFadden	Stokes
Brumm	Gilchrist	McFarlane	Sutphin
Cannon, Mo.	Goss	McGugin	Sweeney
Cannon, Wis.	Granfield	McLean	Swick
Carpenter, Kans.	Guyer	McLeod	Taber
Carpenter, Nebr.	Hancock, N.Y.	McSwain	Taylor, Tenn.
Carter, Calif.	Hartley	Maloney, Conn.	Terrell
Carter, Wyo.	Healey	Mapes	Thomason, Tex.
Cavicchia	Hess	Marshall	Thompson, Ill.
Chase	Hill, Ala.	Martin, Mass.	Thurston
Christianson	Hill, Knute	Meeks	Tinkham
Clarke, N.Y.	Hoepfel	Merritt	Traeger
Cochran, Pa.	Hollister	Millard	Treadway
Collins, Calif.	Holmes	Monaghan	Turpin
Colmer	Hooper	Morehead	Watson
Condon	Hope	Mott	Wearin
Connery	Howard	Murdock	Weideman
Connolly	James	Musselwhite	Welch
Cooper, Ohio	Jenkins	O'Malley	West, Tex.
Crosser	Johnson, Minn.	Parker, N.Y.	Whitley
Crowther	Johnson, Tex.	Parks	Wigglesworth
Culkin	Kahn	Peavey	Withrow
Darrow	Kelly, Pa.	Polk	Wolcott
De Priest	Kinzer	Powers	Wolverton
Dirksen	Kleberg	Ransley	Wood, Mo.
Dobbins	Kloeb	Reece	Woodruff
Dondero	Knutson	Rich	Young

#### NOT VOTING—73

Abernethy	Dickstein	Kerr	Reed, N.Y.
Adair	Ditter	Lamneck	Reid, Ill.
Almon	Dockweiler	Lea, Calif.	Romjue
Arens	Douglass	Lewis, Md.	Sabath
Auf der Heide	Doxey	McDuffie	Sadowski
Bakewell	Edmonds	McMillan	Somers, N.Y.
Bankhead	Fernandez	Maloney, La.	Strong, Pa.
Black	Foulkes	Mariand	Sullivan
Boylan	Gavagan	Montague	Summers, Tex.
Brand	Gifford	Moynihan	Taylor, Colo.
Brennan	Gillespie	Muldowney	Tobey
Brunner	Goldsborough	Norton	Utterback
Buckbee	Goodwin	Oliver, N.Y.	Wadsworth
Burke, Calif.	Hancock, N.C.	Owen	Waldron
Burnham	Higgins	Perkins	Wolfenden
Busby	Hornor	Pettengill	Zioncheck
Carley	Kelly, Ill.	Prall	
Chavez	Kennedy, Md.	Ragon	
Claiborne	Kennedy, N.Y.	Ramsay	

So the resolution was agreed to.



The Clerk announced the following additional pairs:  
On this vote:

Mr. Owen (for) with Mr. Wadsworth (against).  
Mr. Kennedy of Maryland (for) with Mr. Goodwin (against).  
Mrs. Norton (for) with Mr. Bakewell (against).  
Mr. Boylan (for) with Mr. Wolfenden (against).  
Mr. Auf der Helde (for) with Mr. Reed of New York (against).  
Mr. Bankhead (for) with Mr. Muldowney (against).  
Mr. McDuffie (for) with Mr. Higgins (against).  
Mr. Fernandez (for) with Mr. Ditter (against).  
Mr. Hancock of North Carolina (for) with Mr. Reid of Illinois (against).  
Mr. Prall (for) with Mr. Moynihan (against).  
Mr. Sabbath (for) with Mr. Tobey (against).  
Mr. Ragon (for) with Mr. Edmonds (against).  
Mr. Oliver of New York (for) with Mr. Waldron (against).

Until further notice:

Mr. Hancock of North Carolina with Mr. Gifford.  
Mr. Kennedy of New York with Mr. Buckbee.  
Mr. Brunner with Mr. Strong of Pennsylvania.  
Mr. Pettengill with Mr. Perkins.  
Mr. Taylor of Colorado with Mr. Burnham.  
Mr. Sumners of Texas with Mr. Dockweller.  
Mr. Utterback with Mr. Chavez.  
Mr. Douglass with Mr. Doxey.  
Mr. Abernethy with Mr. Sadowski.  
Mr. Kelly of Illinois with Mr. Gillespie.  
Mr. Lamneck with Mr. Burke of California.  
Mr. Maloney with Mr. Kerr.  
Mr. Gavagan with Mr. Almon.  
Mr. Adair with Mr. Ramsay.  
Mr. Romjue with Mr. Arens.  
Mr. Black with Mr. Lewis of Maryland.  
Mr. Busby with Mr. Carley.  
Mr. Sullivan with Mr. Hornor.  
Mr. Somers of New York with Mr. Maloney of Louisiana.  
Mr. Brand with Mr. Marland.  
Mr. Claiborne with Mr. Dickstein.  
Mr. Montague with Mr. Zioncheck.

Mr. UTTERBACK. Mr. Speaker, I was out of the Chamber telephoning the headquarters of the Red Cross. If permitted to vote, I would vote "yea."

Mr. LAMNECK. Mr. Speaker, I desire to vote. I was in the corridor outside the door.

The SPEAKER. The gentleman does not qualify.

Mr. LAMNECK. If permitted, I would vote "yea."

Mr. BYRNS. Mr. Speaker, the gentleman from Maryland, Mr. KENNEDY, is unavoidably absent. If he were here, he would vote "yea."

Mr. CANNON of Missouri. Mr. Speaker, I object to this practice of stating how a Member would vote if he were present.

Mr. CULLEN. Mr. Speaker, the gentlewoman from New Jersey, Mrs. NORTON, is unavoidably absent. She has requested me to state that if she were present she would vote in the affirmative.

Mr. CANNON of Missouri. Mr. Speaker, I regret having to do so, but I make a point of order against these statements as to how Members would have voted if present.

The SPEAKER. The point of order is well taken, but the statements have already been made and it does not avail the gentleman anything under the circumstances.

The result of the vote was announced as above recorded.

A motion to reconsider the vote by which the resolution was agreed to was laid on the table.

#### NAVY BUILDING URGENT

Mr. SEARS. Mr. Speaker, I ask unanimous consent to have printed in the RECORD an article appearing in the Public Record, of Philadelphia, Sunday, April 30, on the Navy Building, by my colleague the gentleman from Pennsylvania [Mr. DARROW].

The SPEAKER. Is there objection to the request of the gentleman from Florida?

There was no objection.

Mr. SEARS. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following:

[From the Philadelphia Public Ledger of Apr. 30, 1933]

DARROW CITES DECADENCE OF FLEET AND REAL OBJECTIVES TO BE ATTAINED BY BIG PROGRAM

By Representative George P. Darrow

The necessity of building up our Navy to treaty strength has never been more apparent than it is today. During the last 12 years we have allowed our Navy to decline to such a point that we are now a poor third, and unless a building program is begun

immediately we shall find ourselves at the expiration of the London Treaty, December 31, 1936, the fifth ranking naval power.

Today we are faced with the need for stringent governmental economy. Simultaneously there is a demand that the Government take action to improve the distressing unemployment situation with which we are faced and give push to industry and commerce which will, it is hoped, start the car of prosperity rolling again. For this purpose there could be devised no method superior to a reasonable program of ship construction.

A shipbuilding program should be included in the President's proposed Federal construction program. Such a program for construction of new ships would greatly stimulate the shipbuilding industry, which has been allowed to stagnate in recent years, and a revival of this industry means an increase in employment.

We need ships, for, due to the dropping off in our naval construction, we are falling behind in the up-to-dateness of our fleet.

#### LABOR REAPS BENEFITS

Over 85 percent of the cost of a warship's construction goes finally to labor, only the remaining 15 percent or less is a drain against the national wealth. By employing labor on such work, instead of supporting the men on a dole or other form of paternalism, use is being made of something that otherwise would be wasted.

In this country we are, strangely enough, at present suffering from an excess of all things normally regarded as good. We have a surplus of farm products for which no consumers can be found. We have stocks of raw materials far beyond the present capacity of our manufacturing industry to utilize. We have well-equipped factories of every sort, capable of producing more than they sell. We have a transportation and distribution system more than ample to deal with our requirements.

And, finally, we have a mass of skilled and unskilled labor which cannot find employment. The situation cannot be met by raising more food or manufacturing more goods to add to our present surplus and to further decrease prices; not by building more factories or improving our present transportation and distribution system, which are already more than adequate.

What is required is a form of useful activity which will not further increase the ills from which we are suffering. If such an activity can be found, it will be reasonable that the present cost of putting these men to work shall to a moderate extent be made a charge against the future prosperity which such a policy is designed to produce.

#### PENNSYLVANIA WOULD BENEFIT

A building program has been suggested by Representative VINSON, chairman of the Naval Affairs Committee of the House, to cover 30 vessels, including 2 airplane carriers, 4 light cruisers, 20 destroyers, and 4 submarines to be completed in 3 years. Such a program would cost roughly \$230,000,000, and it is obvious the number of men such a program would put back into the ranks of employed.

Pennsylvania is a shipbuilding State, and if such a program were begun the State would benefit materially and immediately. The plans of the ships desired are already drawn. As soon as their construction may be authorized orders for material will commence to flow and the money spent will find its way through the many channels of commerce and industry in every part of the United States.

The ore mines of Michigan, the forests of Oregon, the oil fields of Texas, the copper smelters of Utah, and the manufacturing interests of all the Eastern and Midwest States would alike feel the stimulating impetus of this program.

And when the ships are manned and launched it will be realized that a mighty good bargain was made in providing naval replacements at depression prices.

Philadelphia is the center of the Nation's shipbuilding area. In addition to its navy yard, the New York Shipbuilding Co. is located across the Delaware River in Camden; at Chester is the Sun Shipbuilding & Drydock Co.; and another smaller yard is located at Wilmington. The construction of several new ships in this area would be of inestimable value to Philadelphia and its neighboring cities.

#### NAVY YARD FULLY EQUIPPED

The Philadelphia Navy Yard is fully equipped for work of this character. It has many advantages which cannot be disregarded. Its distance from the sea and the ease with which the channel can be closed renders it immune from raids from the sea, at the same time but slightly reducing its accessibility. It is located in fresh water, which causes much less deterioration of vessels than salt water. It has a climate which, while permitting all-year-round work, is not debilitating. It is in the heart of the great industrial center and the greatest shipbuilding section of the United States.

Since it is readily apparent that the upbuilding and maintenance of our Navy is a matter of utmost importance and in the present emergency it is so necessary to maintain as well as increase the opportunities for employment of American labor, it should be evident that a shipbuilding program of the nature proposed by Congressman VINSON is of utmost importance.

Such a program would stimulate business in the city and State, aid the employment situation at our navy yard and shipyards, and be a great step toward building our Navy up to its allowed treaty strength.



PROTEST AGAINST THE APPOINTMENT OF FORMER SECRETARY OF STATE STIMSON AS A DELEGATE TO THE FORTHCOMING WORLD MONETARY AND ECONOMIC CONFERENCE AS AN AFFRONT TO THE REPUBLICANS OF THE COUNTRY

Mr. TINKHAM. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by having published a statement which I released to the press this morning in relation to Henry L. Stimson.

Mr. CLARKE of New York. Is it an article written by the gentleman?

Mr. TINKHAM. It is.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. TINKHAM. Mr. Speaker, during the last several weeks the press has indicated, apparently with some official sanction, that Henry L. Stimson, former Secretary of State, may be appointed by the present administration as one of the delegates to the World Monetary and Economic Conference soon to be held in London.

Mr. Stimson is an extreme internationalist and is opposed to all American traditional policies in foreign affairs. This may recommend him to the present administration. His appointment as a delegate to the World Monetary and Economic Conference, however, would be an affront to the Republicans of this country.

Mr. Stimson has never represented the views of the Republicans in relation to foreign affairs. The Republicans have always stood and stand today against the participation or interference of the United States in the political affairs of other countries, particularly of Europe, and the maintenance of strict American neutrality.

During Mr. Stimson's administration of the Department of State American interests were subordinated to European interests and American foreign policies were dominated by the British Foreign Office.

The objectives of the British Foreign Office and of European interests have been to bring about the abolition of American neutrality, the reduction of American naval strength, and the involvement of the United States in the political affairs of other countries. Mr. Stimson has served all these objectives.

In 1930 Mr. Stimson negotiated a naval treaty which made the strength of the American Navy contingent upon the strength of the British Navy in order that Great Britain might control the Mediterranean, thereby advancing British navalism and Britain's control of the seas.

During the Naval Conference of 1930 Mr. Stimson led in the surrender to British demands for a reduction in the number of American 8-inch-gun cruisers.

During this conference Mr. Stimson attempted to entangle the United States in the political affairs and in the conflicts of Europe by advocating a consultative pact, which was bitterly denounced, even by Mr. Hoover. Notwithstanding, Mr. Stimson later forced a plank in the Republican platform providing for a consultative pact, which plank provoked much hostility and alienated much support from the Republican Party.

While Secretary of State, Mr. Stimson converted a mere declaration of policy known as the "Kellogg-Briand Pact" into a doctrine dangerous to the peace of the United States, a doctrine never contemplated by those who signed the pact, one which threatens to entangle the United States in the political affairs of practically every country in the world. This doctrine was declared in connection with the Sino-Japanese situation, in which the League of Nations was taking action under its covenant. Mr. Stimson announced that the United States did not intend to recognize "any situation, treaty, or agreement" brought about by means contrary to the obligations of that pact. Such action was highly provocative and hostile to Japan, with whom the United States should remain at peace.

The League of Nations and Great Britain immediately hailed this declaration as an abandonment by the United States of its policy of neutrality and as the adoption by the United States of the policy of the League and Great Brit-

ain to maintain peace by coercion and force, by sanctions, boycotts, embargoes, and war.

In order that this declaration might be enforced against Japan, just before leaving office Mr. Stimson called upon Congress to give the President unlimited authority to impose an embargo on the exportation of arms and munitions of war to any nation or nations which the President might select. Such authority was not granted to the President during the last Congress. When this proposal was resubmitted recently to Congress by the present administration, only too ready to adopt the extreme internationalism of Mr. Stimson, the proposal was unanimously denounced by the entire Republican membership of the House Committee on Foreign Affairs and later on the floor of the House by the Republican leaders, supported by practically the entire Republican membership of the House, chiefly on the ground that its exercise would violate our neutrality and would be in international law a cause of war.

There is nothing that the present administration could do to disaffect in a greater degree the support of the Republican membership of Congress from the conclusions and recommendations arrived at by the World Monetary and Economic Conference than to appoint Mr. Stimson as one of its delegates.

#### THE SALES TAX

Mr. SWEENEY. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. SWEENEY. Mr. Speaker, under the leave to extend my remarks in the RECORD I ask unanimous consent to include a radio address delivered by me over station WJAY at Cleveland, Ohio, Sunday, May 7, 1933, on the proposed sales tax for the State of Ohio. There being no objection, the address was ordered to be printed in the RECORD, as follows:

Tonight, at 9:45 o'clock, the Chief Executive of this Nation will report to you and to the entire country the progress being made by the Federal Government to bring back prosperity to our Republic and its people. For 60 days the President and the Congress have labored at this task.

The Ohio congressional delegation in the House of Representatives, of which I am a Member, has in every instance and unanimously backed President Roosevelt in every measure designed to increase the buying power in our country, to stimulate trade and commerce in the Nation, and to set the heels of industry in motion once more.

Instead of backing President Roosevelt here in Ohio and synchronizing with the national program, the Governor of this State is proposing to the legislature the enactment of a sales tax which will slow up commerce and levy such a tremendous tribute upon it that the work that President Roosevelt and the Congress have done so far will be greatly hampered in Ohio. It is to prevent such a frustration of the national program by adoption of the proposed sales tax that I returned from Washington this week end to make this appeal to you.

A sales tax or a consumers tax, or any other tax of a similar nature, is the most vicious and drastic form of taxation that can be adopted by a governmental agency to raise revenue. It is the creation of selfish, vested, special interest minority groups devised for the purpose of shifting a just share of taxation from their shoulders to the shoulders of the unorganized mass majority.

The coupon sales tax proposed by Governor White, and now being drafted by a special taxation committee of the Ohio Legislature, is the result of the tremendous pressure applied to the Governor by the special interests lobbies now operating in Columbus.

Never in the history of this State has there been assembled such a tremendous lobby of special privilege seeking to influence the course of legislation as there is assembled in Columbus, our State capitol, today. This group of subservient manipulators has banded together to load upon each and every one of you, farmer and city dweller alike, the burden of taxation that should be upon the shoulders of their masters.

Just consider for a moment the groups that have made common cause against you and have coerced our Governor into adopting their program.

First, and most active, are the highway contractors, road-material men, and their allied industries who wax fat on public contracts to build new roads.

Then comes the lobby of the school supply and textbook companies seeking to maintain a highly extravagant school program, not for the benefit of the children but to create a market for their expensive products.

Following them are the gasoline and oil interests, who are fighting further taxes, and hope to gain a reduction in the tax now on their product, which necessarily is paid by the consumer.



And then trailing along behind these are various lobbies of groups who fear the imposition of nuisance taxes on their products.

And allied with these groups are the lobbies of still other groups who have been cajoled and coaxed into the movement by the specious promises made by the other special groups that the sales-tax program will reduce the tax burdens likely to or now resting upon them.

But behind this group, manipulating and maneuvering with Machiavellian cunning is the well-seasoned, long-experienced, diabolical public-utilities lobby, that remains in the background and hides its grasping fingers in a glove that it has fashioned out of the self-interest of the other groups. The utilities lobby knows that during this entire depression, when the price of every other commodity and service has been substantially cut, their companies have selfishly and ruthlessly maintained their rates, and have even, in some instances, had the audacity to ask for increase in those rates.

The American Telephone & Telegraph Co. has maintained its outrageous dividend rate of 9 percent. The dividend rate of other public utilities has been maintained at a high level and their stockholders have waxed fat upon the misery of the rest of the Nation. They know that social justice demands that a substantial part of their income should be diverted from their coffers to the Public Treasury. But being imbued with the greed and selfishness that marks the ultraconservative capitalist, they exercise their machinations at the State's capitol to load upon the backs of the consumers of this State practically the entire burden of the government and seek to raise by this sales tax almost one half of the revenue to be raised in this State.

The proposed bill has a snare in it. The snare is the coupon feature that has aroused so much furor.

The coupon feature has been added to the measure solely and alone for the purpose of centering the indignation and righteous wrath of the masses against that feature of the proposed sales-tax bill. Then if that storm of protest that is now rising from every corner of this State becomes so overwhelming that it cannot be withstood, these special interests intend to simulate a surrender by eliminating the coupon feature from it.

But remember this and never forget it: The elimination of the coupon still leaves what each and every special interest wants—a consumers' tax, whereby each and every person who spends a single solitary 5-cent piece pays a portion of that consumers' tax and relieves the special interests and minority groups of that much of their just share of the burden.

The supposed exemption of farm products and staple foodstuffs from the schedule is a mere sham and pretense. The sacks in which the wheat is transported from the farm to the mill and the flour from the mill to the consumer are taxed. The boxes and crates in which such products are conveyed to market are taxed. The cans that contain the food product are taxed; even the labels that embellish the cans are taxed. Every bit of clothing that is purchased; every lead pencil that every school child buys; every necessity other than the small group of foodstuffs is taxed.

The tremendous sum of \$40,000,000 is sought to be levied upon commerce of this State.

Before the Governor of this State surrendered to the special-interest groups that infest the capitol like prowling creatures of prey, I addressed a letter to the Governor indicating the social justice of imposing a tax increase upon public utilities of this State which would raise a \$45,000,000 fund—more than equal to the amount the Governor thinks he can raise from the sales tax.

This can be very conveniently and simply done by amending section 4 of amended senate bill No. 4, passed by the general assembly on March 21 of last year and approved by the Governor on April 5 of last year, so that the tax imposed by that measure be increased from 1 percent, as is now provided by that act, to 10 percent, and to add to the act a provision that the right of public utilities to file schedules increasing their rates with the public utilities commission be suspended during the period the act is in force.

Under the 1-percent provision of the present act the State received last year  $4\frac{1}{2}$  million dollars from the public utilities. An increase of this tax to 10 percent will produce 10 times that revenue or \$45,000,000.

The public utilities of this State, persisting in their oppressive demands that their inflation-period rates be maintained, can well afford to pay this tax and not shift it to the backs of their employees by cutting their employees' wages. In many instances in order to increase their profits they have already unwarrantedly cut the wages of their employees or dismissed them from service entirely.

The one thing that keeps public utilities in the almost invincible position they enjoy in Ohio today is the public utility law of this State which gives three men in Columbus, Ohio, known as the "utility commission", the right to fix utility rates; and it has so burdened these three men with such an innumerable number of rate controversies that those rate controversies remain for year after year and almost decades without determination, while the public utility continues to charge its exorbitant prices.

The time is coming now when the public utilities act, insofar as fixing rates for municipalities is concerned, will be repealed by a justly outraged citizenry of the State and the powers to fix the utility rates in the cities and villages of this State will be torn out of the hands of the triumvirate in Columbus and returned to the people of the municipalities which the utility serves. Then if a dispute arises between a municipality and the utility as to a proper charge or rate, these matters will be determined by the court of common pleas of the county in which the

municipality is situated. There the litigation can be speedily tried and speedily determined, and the burden of showing the unreasonableness of the rate will rest upon the utility rather than upon the municipality.

And now just a few words on the fundamentals of this form of taxation.

Neither of the major political parties have ever endorsed a sales tax. On the contrary, the Democratic Party, in its convention platform of 1924 declared against the sales tax, using the following language: "We oppose the so-called 'nuisance taxes', sales taxes, and all other forms of taxation that unfairly shift to the consumer the burden of taxation."

In the Seventy-second Congress of the United States the general manufacturers' sales tax went down to defeat by a vote of 236 to 168. I was in that fight and voted against the measure. The same lobby that now holds forth at Columbus urging a sales tax there, was in evidence at Washington last year. So bitter was the sentiment against this form of taxation in the Senate of the United States that 55 United States Senators signed a round robin declaring their opposition to the sales tax. President Franklin D. Roosevelt has more than once opposed the sales tax and expressed his contempt for this vicious means of raising revenue, by taxing consumption.

In a letter to Senator ROBERT LA FOLLETTE, dated May 26, 1932, William R. Green, president of the American Federation of Labor, registered in behalf of that group of organized workers of the Nation, whom he represents, his protest against the sales tax in the following language: "Labor is opposed to the sales tax because it is wrong in principle. It tends to impose the burden of taxation on those least able to pay and enables the richest of our citizens to escape their just share of taxation." I might say in passing that the Cleveland Federation of Labor and the Ohio Federation of Labor are on record in opposition to this form of taxation.

During the debate in Congress on the sales tax this startling information was presented:

Thirteen percent of the people of the United States own 90 percent of the total wealth of the country. If this class was taxed according to ability to pay, the 13 percent of the people should pay 90 percent of the taxes. Under the operation of the proposed sales tax the reverse would be the case, for, basing the tax exclusively on consumption, as a sales tax would do, 87 percent of the people would bear the burden of this tax while owning only 10 percent of the wealth of the Nation.

Once you saddle a sales tax on the backs of the people of Ohio, you will never get rid of it. The big interests will see to that.

The great army of consumers are not organized; hence, the reason for this and other appeals that are being made by newspapers and civic groups in Ohio at the present time. The depression and destruction of our banking systems have aroused the people from their state of apathy. It took men like the Rev. Charles E. Coughlin and others to turn the spotlight upon the crooked international bankers and create a sentiment of protest that caused the Congress of the United States to enact legislation permitting this country to go off the gold standard and place the power of inflation of the currency in the hands of the President of the United States.

Let me tell you that in response to Father Coughlin's appeal to write to your Congressman, I received over 10,000 letters from my constituents, advocating a revaluation of the gold ounce. The people who take time to write a letter on a subject of this kind are taking an interest in the affairs of their Government, and that to me is a very healthy sign.

Do you think that this tax should be collected by your paying a tax on every pair of shoes you buy, every shirt you wear, every article you purchase, or should the East Ohio Gas Co., the Ohio Bell Telephone Co., the Cleveland Electric Illuminating Co., the only companies which have not been compelled to lower their prices, be required to disgorge some of the unconscionable profits that have swelled their coffers and are still causing their bank accounts to bulge over all others?

The injustice of the sales tax is so apparent and flagrant that the persistence of the Governor in contending for it and endeavoring to force it into law will do more to create communists in the State of Ohio than any other single act that can be conceived.

It is time that the unorganized majority in this State express themselves. Write to the Governor. Get a penny post card if you cannot afford more and write a single line on it, "Ohio wants no sales tax", and sign your name and address to it. If your newspapers publish a coupon on the subject sign it and send it to them. They will see that the Governor gets it. Every listener can afford 1 cent for a post card and he can get his neighbor to spend a penny for one. If everyone of you voice your protest in that form there will be such a blizzard of post cards whirl into Columbus that the sales tax will be buried so deeply that it can never be dug out by all the special interests in the State. Simply address your post card to Gov. George White, Statehouse, Columbus, Ohio. Send in your protest at once and save Ohio from the curse of a sales tax.

MINUTES AND RESOLUTIONS, CONTINENTAL CONGRESS FOR ECONOMIC RECONSTRUCTION, WASHINGTON, D.C., MAY 6-7, 1933

Mr. LUNDEEN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD, and include the minutes and resolutions of the Continental Congress held in Washington, D.C., May 6-7.

There was no objection.



Mr. LUNDEEN. Mr. Speaker, ladies and gentlemen of the House, under leave to extend my remarks I wish to congratulate the delegates of the continental congress, and I also wish to express my appreciation for their interest in public affairs and the welfare of the country at large.

Many of these delegates came here at great self-sacrifice. Their ambition to serve their countrymen well outweighed any personal considerations. Men and women, more than 4,000, assembled in a great congress in the Washington Auditorium on Saturday and Sunday, May 6 and 7, in response to a call signed by 250 leading representatives of labor organizations, farm groups, cooperative societies, educational, youth, and peace bodies, and the Socialist Party—a continental congress on economic reconstruction—meeting for the purpose of uniting the progressive forces of our country on a comprehensive program that would bring about not only economic recovery but economic reconstruction.

These delegates in attendance, represented between 2,000,000 and 3,000,000 organized farmers and industrial workers—labor organizations identified with the American Federation of Labor, farmers representing the more militant sections of the farm population, representatives of several hundred unemployed leagues, cooperative societies and student bodies, peace groups, labor, fraternal, and socialist clubs from 46 States. The delegates of these and other organizations participated in the deliberations, served on committees on which they were selected, and after 2 days of deliberation reached an agreement on all major questions that came before them, and also set up a national committee to continue the work of unifying and mobilizing the workers and farmers of our Nation.

Once before in our national history a Continental Congress started the machinery that culminated in making us a politically independent Nation. The purpose of the continental congress of 1933 was to provide a program that will insure economic independence, without which political independence is not likely to be of much moment.

A series of reports and a declaration of independence were adopted during these sessions. Because they present a program radically different from the one which is receiving the consideration of the two major parties, I wish to call the country's attention to these reports and declarations.

Here is a report submitted by the committee on public ownership:

The suffering and agony of the last 3 years in the United States proves conclusively that our present economic order has broken down. It is imperative that a new economic order be established which will eliminate the planlessness, the waste, the exploitation, the inequalities of income, the dictatorship of finance, and the wars and imperialism of the present capitalist order, and will assure to every human being in the country a standard of living and happiness far higher than has ever yet been realized.

Industrial workers and agriculturalists alike suffer from the same fundamental evil. In order to deliver both groups from the greed of corporate owners we demand the public ownership and operation of all the means of public transportation and communication, of all public utilities, of all natural resources, and of all basic industries.

These publicly owned industries should be operated by boards of administration on which the workers, the consumers, and the technicians are adequately represented. Each industry must recognize the principles of collective bargaining and civil service.

I am greatly interested in a report of the committee on unemployment and economic insecurity—

About 17,000,000 American workers are jobless. Half of the Nation's industrial machinery is silent. Farmers are bankrupt. For more than 3 years economic paralysis has crept unceasingly from factory to factory until today stagnation, uncertainty, and insecurity are universal.

In the face of this colossal disaster, for which the workers are in no way responsible, public relief has been so meager and halting that multitudes of children go hungry while desperate parents are driven to suicide. In a land whose warehouses are bursting with food, misery and starvation stalk through the streets.

The capitalists and their political representatives have fully demonstrated that they have no remedy for this desperate state of affairs. In the past the Nation emerged from depressions because new lands were opened up in the West, new industries were developed, and new world markets conquered. The West is now settled, American industry is overdeveloped, and there is little chance to win new world markets. The only way out this time is a fundamental reorganization of our economic system so that production will be carried on, under the control of the workers, for

use instead of for private profit. On the road to this new social order we propose the following concrete measure to meet the immediate needs of the workers and farmers:

First, we demand an immediate initial Federal appropriation of \$3,000,000,000 for direct unemployment relief, to be distributed in cash without humiliating red tape so as to provide amply for all necessities of life to those who are in need, including sufficient allowance to prevent evictions. Heretofore relief has been grossly inadequate as evidenced by the fact that only one third of the unemployed have received assistance while those getting help generally average less than \$20 a month for an entire family. The \$500,000,000 Federal relief appropriation now before Congress will not substantially increase the pitifully inadequate allowance provided by the Hoover administration. The failure of the Roosevelt administration at this critical time is all the more glaring because of the increasing inability of local governments to carry the relief load. As part of a general unemployment-relief program, we demand the immediate payment of the bonus to all veterans who are unemployed or facing difficulties on the farm.

Secondly, we demand national and State legislation establishing the 5-day week and the 6-hour day, without a reduction in wages. The march of the machines has displaced millions of workers from industry who can never regain their jobs unless the work week is permanently shortened. We condemn, however, all "share-the-work" proposals of the employers which are designed to shift the burden of unemployment relief to the workers who still have jobs.

Third, we demand a \$6,000,000,000 appropriation by the Federal Government for public works. Special emphasis in this program should be placed upon rehousing the 40,000,000 Americans now living in indecent, insanitary, and disease-breeding slums, the provision of electric facilities for one third of the American people dwelling principally in rural areas who do not today enjoy the benefits of electricity, and the building of modern schools and hospitals in those communities where they are needed. All public construction work shall be carried on under trade-union conditions and with the payment of trade-union wages. In this connection we condemn the present policy of employing 250,000 men in the Nation's forests at the meager wage of \$1 a day, under a semimilitary system of administration and control. We demand that no relief committee shall have jurisdiction over any public-works project. A \$6,000,000,000 expenditure annually on public works would bring construction back to 1928 levels and would reemploy a minimum of 8,000,000 men and women both directly and indirectly. Despite vicious propaganda to the contrary, public works in the United States have not been tried, as evidenced by the fact that public construction in 1933 will be only one half and private construction barely one seventh of what it was in 1928.

Fourth, we demand a complete system of Government insurance to provide for unemployment, sickness, accidents, maternity, and old age. Even in the best of times millions of workers go without jobs while illnesses and accidents deprive others of their livelihood and old age cuts off the earnings of hundreds of thousands of men and women. Experience over all the world has demonstrated that a system of compulsory social insurance is the only bulwark under the present system against these risks of modern economic life for the workers.

Fifth, we demand legislation which will take all children under 16 years of age out of industry and put them in school. Hundreds of thousands of children at the present time are holding jobs which should be filled by adult workers.

Sixth, we demand national emergency legislation reducing the interest and principal on working class home mortgages in proportion to the decreased ability of the people to pay and that a moratorium on foreclosures for unemployed and part-time working class home owners be declared. The President's proposal for refinancing home mortgages will provide a very meager relief for only 10 percent of the home owners in the United States. The chief beneficiaries will be the mortgage companies because under the administration's program the Government will hold the bag for the bad mortgages while the great bulk of hard-working home owners who have denied themselves and their families of life's necessities to meet their mortgage obligations will get no relief. Without these readjustments millions of workers in the United States will have their homes confiscated. Unless this legislation is promptly enacted or the necessary reductions agreed to by their creditors, we urge home owners to strike against the payment of interest and principal.

We call upon the workers and farmers assembled at this continental congress to wage a vigorous determined struggle for these measures.

We are all interested in this report of the committee on agriculture:

The working farmers of the United States, like the workers in industry and trade, are victims of the profit-making system of capitalism. Whether tenants or mortgaged owners, they are exploited for the benefit of landlords and bankers, of the transportation companies, of speculators and commission houses, and other capitalistic interests which stand between them and the consumers of their produce. In the present crisis millions of them are being brought to misery and despair.

American agriculture as now constituted faces a new menace in the giant farms, equipped with costly machinery and operated like factories, whose competition threatens more and more to drive the individual farmer to the wall. If the producers of the people's food are not to be reduced either to peonage or to wage slavery,



this technical revolution must be socially controlled so that its benefits shall go to the workers on the land and not to agricultural capitalists; and meanwhile the individual farmers must be protected from the sufferings which unbridled competition brings upon them.

The only hope for the farmers is in the intelligent use of their own organized power, on both the economic and the political field, and in harmonious cooperation with the workers in industry and trade similarly organized.

As the main features in a great program for farm relief and reconstruction, this continental congress urges the following demands:

1. We demand prompt and adequate relief for the men, women, and children still on the farms or already driven from the land, as well as for the unemployed wage workers, who through no fault of their own are today suffering for lack of food, clothing, and shelter; such relief not to carry with it the stigmas of so-called "charity", but to be given as a measure of social justice and decency, and to be economically and humanely administered through committees of farmers and industrial workers.

2. We demand that evictions, foreclosures, and forced sales on workers' homes and on farms worked by their occupants be stopped during the continuance of the depression.

3. We demand the reorganization of the system of taxation in the States, cities, and counties, so as to exempt homes and farms up to the amount of \$5,000 assessed valuation, and so as to increase the revenue from graduated taxes on incomes and inheritances.

4. We demand the encouragement by suitable legislation, by educational service, and when needful by public credit of bona fide farmers for marketing produce and for buying farm supplies and other commodities and of cooperative purchasing societies among the urban consumers, eliminating the economic waste involved in the profit system of distribution and thereby benefiting both producers and consumers.

5. We demand the national ownership and operation under democratic control of services utilized by the farming population, such as electric power plants, railroads, warehouses and storage plants, packing houses, establishments for the manufacture of farm machinery, to the end that the farmers may get such services at cost, instead of providing profits for capitalists.

The interests of the two great producing and exploited elements of our population, the wage workers and the working farmers, if not identical at every point, are in any broad view interdependent. Injury to either one injures the other. The poverty of the farmers is driving vast numbers of men and women from the field to the factory to compete in an already over-crowded labor market; and at the same time it compels the farmers to limit their purchases of industrial products, thus increasing unemployment in industry. On the other hand, disemployment of wage workers and the lowering of wages of workers for those who still have jobs is cutting down the market for foodstuffs and other farm produce. The two elements must learn to work whole-heartedly together for their common interests.

The continental congress calls upon the workers on the land and the workers in trade and industry through their various organizations to concentrate all their forces at this critical moment in an irresistible drive for two immediate aims—for the stoppage of evictions and foreclosures and the liberation of the farmers from their killing burdens of interest-bearing debt, as set forth above; and

For the Nation-wide establishment of this 30-hour workweek in trade and industry, to the end that millions of the unemployed may be given jobs and that the workingman may be able, through organized effort, to increase his weekly wages and thus enable him to buy the goods which the farmers produce.

Wage earners, come to the farmers' aid; working farmers, help the wage earners in their struggle for a decent existence.

Let no one sow the seeds of discord between us. Divided, both of our classes go down to defeat. United, no power can resist our just demands.

The committee on organization and continuation submitted the following resolution as a partial report from the committee:

Whereas, in brutal disregard of the fundamental rights guaranteed by the Declaration of Independence, the Governor of Iowa has placed a portion of that State under martial law; and

Whereas, as a result of this flagrant abuse of authority, hundreds of farmers are at the present time being hounded by the military forces and are being denied the right of trial in civil courts; and, further,

Whereas the events which led up to this reign of terror can in no sense be blamed upon the farmers themselves but rather upon recent economic conditions,

Now, therefore, we, the workers and farmers of America in continental congress, assembled at Washington, May 6 and 7, 1933, do hereby

*Resolve:* 1. That, in view of the overwhelming emergency, this congress shall immediately set up a continuing committee of five, accountable to the national committee on correspondence and action, to cooperate with militant farmers now subjected to martial law by offering them legal and financial aid.

2. That this congress recommends support of the work of this committee to all of its constituent bodies.

3. That the continuing committee of five shall consist of David Feliz, Philadelphia; Carl Whitehead, Denver; Clarence Senior, Chicago; Joseph Schlossberg, New York; and Robert Miller, Underwood, Minn.

*The following are a few of the resolutions presented by the committee on foreign relations and adopted*

#### RECOGNITION OF THE SOVIET UNION

We demand immediate recognition by our Government of the Union of Socialist Soviet Republics. We warn the people of the United States against the continuous propaganda campaign being waged on the Soviet Government of Russia.

#### REPEAL DISCRIMINATORY IMMIGRATION ACTS

We demand immediate repeal of all legislation restricting immigration which is aimed to discriminate against particular races or nationalities.

*The committee on civil liberties and race prejudice presented several resolutions*

#### TOM MOONEY

Whereas Tom Mooney and Warren Billings have already served 17 years in prison on charges proven false; and

Whereas two Federal investigations have further proven their innocence: Be it

*Resolved,* That this continental congress demand the immediate and unconditional release of these victims of the miscarriage of justice imposed by the ruling class of California, and we demand the publication of the Wickersham Report; and be it further

*Resolved,* That this continental congress goes on record in affirming our faith in the innocence of Tom Mooney and Warren Billings, and that the following message be sent to Mooney and Billings:

"The continental congress on Economic Reconstruction reiterates a strong belief in your innocence and your loyalty to the workers of America, and will continue the struggle for your liberation and restoration of your civil rights."

#### SCOTTSBORO

Whereas eight Negro boys in Alabama face the death penalty for crimes of which all the evidence submitted has proven their unmistakable innocence; and further

Whereas the fourteenth and fifteenth amendments of the United States Constitution were flagrantly violated by the exclusion of Negroes from the jury before which these boys were tried: Be it

*Resolved,* That the continental congress demand that these eight boys be released, or if they are again tried that the jury include qualified members of the Negro race and be given those rights and privileges guaranteed by the United States Constitution.

#### NEGRO RIGHTS

Whereas the Negro worker is still especially the victim of untold injustice, social, political and economic, and after 70-odd years of so-called "freedom", Negroes are still being lynched and segregated, denied equal educational facilities, and in the South especially, they are being taxed and governed without the right to participate in government: Therefore be it

*Resolved,* That this congress places itself on record as demanding for the Negro complete equality of opportunity with all other citizens. We demand also the education and enfranchisement of the Negro in the South; the abolition of "Jimcrowism" and segregation in Federal departments at Washington, D.C., in schools and in all public conveyances under the supervision of the Interstate Commerce Commission; and the right of Negro citizens to sit upon juries. We demand also the enactment of a Federal anti-lynching bill.

This congress condemns any and all forms of discrimination practiced against Negro workers by units of the organized labor movement and we call upon all workers irrespective of creed or racial differences to unite on the basis of their economic interests to free themselves.

#### MINERS

Whereas the coal miners in Illinois, Indiana, Tennessee, Kentucky, West Virginia, and other States have in many cases been reduced to a state of slavery. Whereas, every known instrument of the ruling class has been used to destroy the rights of miners and maintain the power of the coal companies to exploit and enslave them. Therefore, the alliance of the State and the coal companies must be brought to an immediate end. We condemn the use of the State militia and the private police in the suppression of civil liberties, and we petition the people to fight for the abolition of these agencies which are used in the interests of the owning classes.

#### FASCISM

As the capitalist system lumbers onward to its final destruction the tendency on the part of the capitalist state is to turn its back upon democratic institutions. We note in this respect the appearance of fascism in every county where the workers are definitely reaching out for power. The dictatorship as seen in the coal and iron police, the postponement of elections in Indiana, the militarization of the reforestation camps, and martial law as declared by the Governor of Iowa tend toward a fascist dictatorship. Fascism is also evidenced in the manner of the distribution of unemployed-relief funds by various States, as—

1. The jailing of men in South Bend, Ind., who refused to work for a basket of groceries and who held out for cash payment instead.



2. The ultimatum delivered the unemployed of Greensboro, N.C., by the Governor's committee of relief that unless they ceased their agitation for an investigation of relief distribution, "no more relief would be forthcoming."

Here follows a report of the committee on taxation, money, and banking:

#### RESOLUTION ON TAXATION

Whereas the economic program of the Continental Congress will require large sums of money;

Whereas the rich of the United States have never been adequately taxed through progressive income and inheritance and gift taxation;

Whereas the United States by applying higher rates for such taxes would be able to raise several additional billion dollars in revenues, provided tax evasion by the rich is ended through more rigorous and honest administration coupled with legal changes abolishing tax-exempt securities and other devices such as deducting security losses from income;

Whereas all income over \$25,000 a year shall be taken by the Government at a time when millions of Americans have no income at all: Therefore be it

*Resolved*, That the continental congress demands greatly increased income, inheritance, and gift taxation in the United States, and that in addition all income above \$25,000 a year be recaptured by the Government; furthermore be it

*Resolved*, That the continental congress opposes all sales taxes, which places the burden upon the poor, as contrasted with our taxation program, which secures needed revenue from the wealthy; and be it further

*Resolved*, That we demand that under no circumstances shall any worker or working farmer be deprived of the right to the use of his necessary tools or the home which he occupies because of nonpayment of property taxes since the beginning of this depression, or as long as this depression shall last; and be it further

*Resolved*, That this continental congress endorse the principle of the capital levy on wealth.

#### RESOLUTION ON BANKING

Whereas the private banking system of the United States has failed in its fundamental functions of providing safety for the people's money and adequate credit for industry;

Whereas 9,000 banks have closed during the depression, with a loss of many billion dollars to depositors;

Whereas the big banks of the Nation have become dictators of industry, agriculture, and Government and have forced wage cuts and lay-offs as the price for credit; and

Whereas they have even dictated the amount of wages that our cities and States shall pay to their employees, the amount of relief for the unemployed, and whether or not farmers or workers shall have a place to sleep and grow food: Therefore be it

*Resolved*, That the continental congress demands that the Government take over all of the banks and operate them as a national banking system with separate divisions for savings accounts and commercial accounts, so that we can use the people's credit to control and socialize industry, commerce, and transportation, to finance farmers and small-home owners instead of stock-exchange gamblers and gamblers in commodities.

And whereas the safest bank in the United States has been the Postal Savings System, in which the people have implicit confidence as evidenced by the fact that Postal Savings deposits have increased more than 600 percent in the past 3 years: Therefore be it further

*Resolved*, That pending socialization of the banking system we favor legislation to empower the Postal Savings System to receive unlimited deposits and to provide a checking-account service and to invest its funds without limit in Government bonds.

#### RESOLUTION ON INFLATION

Whereas the first result of the inflation of money was to benefit middlemen, speculators, and gamblers in farm and other products and to reduce the purchasing power of wages; and

Whereas the only reason for inflating the currency should be to improve the standard of living of the producing masses;

We therefore demand that any scheme of inflation should start by inflating wages and the prices received by the farmers for farm products; and

We therefore condemn as unsound and unjust any attempts to inflate prices to the consumers first, while merely hoping that wages will go up afterward, and that the farmers will be able to get higher prices from the middlemen and the gamblers in farm commodities.

#### A RESOLUTION WAS PASSED FAVORING THE 30-HOUR WEEK AND A MINIMUM WAGE

The present depression is but one link in a long chain of panics, crises, and depressions which began at the beginning of this Republic. It is clear that such panics, crises, and depressions are no accidents, but are inherent in the economic system which is based on exploitation of man by man, wage-workers by the employers of labor. We therefore express our gratitude to this Congress for having declared itself in favor of the nationalization of industries. That alone will put an end to the industrial misrule which is responsible for low wages, child labor, and mass unemployment.

Among the measures vitally needed for the immediate relief of the many millions of unemployed and underemployed workers is legislation for the 30-hour working week and a minimum wage; the former in order to absorb as many as possible of the totally

unemployed workers; the latter in order to set the limit for the arbitrariness of the employers in forcing down wage levels. The continental congress therefore goes on record as urging the United States Congress to promptly enact such legislation.

The continental congress hereby directs its chairman to communicate this demand for legislation to the President of the United States by telegram, letter, or in person; also to the Presiding Officers of the United States Senate and the House of Representatives.

The continental congress calls upon all affiliated bodies, as well as other labor and farmer organizations throughout the Nation, to urge the Representatives and Senators from the various districts and States, preferably by telegram, to vote for such legislation, and also to carry on vigorous propaganda until such legislation is obtained.

I wish to call especial attention to the declaration of independence adopted by the delegates:

#### Declaration of Independence

More than 150 years ago our forefathers proclaimed in the Declaration of Independence that the supreme function of government is to make secure for men their inalienable right to life, to liberty, and the pursuit of happiness.

Moreover, the fathers declared that "Whenever any form of government becomes destructive of these ends it is the right of the people to alter or abolish it and to institute a new government, laying its foundations on such principles and organizing its powers in such form as to them shall seem most likely to effect their safety and happiness."

Such are the two basic principles of human liberty and genuine Americanism laid down by the founders of this Republic.

It has now come to pass that there has grown up in this Nation a system of business, industry, and finance which has enthroned economic kings and financial barons over our lives vastly more powerful, more irresponsible, and more dangerous to human rights than the political kings whom the fathers overthrew in our American Revolution of 1776. These economic rulers now have such absolute control over the economic life of the people as to threaten the very foundation of this Republic.

Under this system of production for private profit these rulers have created conditions that are intolerable.

They have drawn billions in profit, rent, and interest; and they have slashed our wages and the prices of our farm products.

They have used the marvels of the machine age not to lift the burden of toil from our shoulders, but to speed us up beyond human endurance, and to throw us jobless upon the streets.

They have taken the products of our labor, and not paid us enough to buy back the goods we have produced.

They have wasted our natural, technical, and human resources, and led us into ever more tragic periods of industrial chaos.

They have mortgaged our farms, and then sold them from under us.

They have lived in mansions, and evicted us from our homes.

They have led us to trust in their banks, and then have stolen our savings.

They have invaded our civil liberties, and thrown our leaders into jail.

They have intrenched themselves in power by controlling the schools, the press, and the Government.

They have spent millions on bombs and battleships while we have gone cold and hungry.

They have forced us to bleed and die in defense of their loans and markets abroad and to kill our fellow workers in other countries.

They have done these things as part and parcel of a profit system which places the few in control of gigantic monopolies and puts profit above human life.

Since the first Declaration of Independence the American people have discovered and created the means for unheard-of wealth. Wide rivers have been tamed to provide electric power; huge mountains have been tunneled to give ore for the creation of new and marvelous machines; and the prairies have been made to yield rich crops. Man's power to produce wealth has been increased a hundredfold until now a life of security and abundance is possible for all.

But today the Nation starves in the midst of plenty. The gigantic machines stand idle; the crops lie in warehouses or rot in fields.

The system is collapsing before our very eyes. It is destroying itself with a destruction that threatens the historic gains of human rights and the achievements of human civilization. It is for us, workers and farmers of America, to build now a new economic system of justice and freedom. Only through our organized power can mankind be freed from the crushing and needless bonds of poverty and insecurity.

We, the representatives of workers' and farmers' organizations, in continental congress assembled, call upon all those who toil to organize to achieve one supreme aim, a new economic system based upon the principles of cooperation, public ownership, and democratic management, in which the planlessness, the waste, and the exploitation of our present order shall be eliminated and in which the natural resources and the basic industries of the country shall be planned and operated for the common good.

Farmers and workers of America, the wealth and knowledge of 150 years of achievement are at our command if we will organize for power. We shall not starve in the midst of plenty. We are the majority. Workers and farmers everywhere unite. Agitate, educate, organize. We have a world to win.



The Members of the Seventy-third Congress are not all in accord with these principles set forth. No congress or convention ever assembled that could satisfy us all. The progressives, laborers, and farmers of this Congress were in dead earnest. I had the pleasure to meet some 35 delegates from Minnesota who did me the honor to come to my office. They presented their views to seven Minnesota Congressmen there, in an all-morning session, and while there was some discussion and some disagreement, all went away refreshed in mind and inspired in spirit to fight a better fight for America and all her children.

The principles involved in these resolutions and the declaration of independence adopted by the continental congress of 1933 are in the main in keeping with the platform of the Farmer-Labor Party of Minnesota upon which I was elected to Congress. I cannot speak for my colleagues. They are able and distinguished gentlemen and can speak for themselves. They must chart their own course. As for myself, I will fight the good fight. I will keep the faith.

#### FEDERAL CONTROL OF INDUSTRY

Mr. COX. Mr. Speaker, I ask unanimous consent to address the House for 30 minutes on the proposal to federalize business, that has been before the House Committee on Labor for several days.

#### ORDER OF BUSINESS AND HOUR OF MEETING TOMORROW

Mr. WOODRUM. Mr. Speaker, reserving the right to object and I shall not, I wish to ask the gentleman from Tennessee a question on the order of procedure. As I understand, it is the purpose of the leadership to call up tomorrow the rule, if a rule is granted, on the farm bill conference report and on the Muscle Shoals bill. If this be true, the Appropriations Committee would have very much to take up the independent offices appropriation bill and have other matters which will naturally consume considerable time, come right in the middle of the consideration of this bill. It is a very important piece of legislation in which the Membership of the House generally is interested. So I was hoping we might have an understanding that following these two rules tomorrow, if the rules are granted, we might proceed with the consideration of the independent offices bill.

Mr. BYRNS. I may say in addition to what the gentleman has stated that there is a conference report on the unemployment bill on the Speaker's table. I do not see the gentleman from Alabama present at the moment, but I think it is the purpose to call that up and have it disposed of.

Mr. SNELL. When is the gentleman going to call up that report?

Mr. BYRNS. If the gentleman is ready, I should like for him to have the opportunity to call it up at the conclusion of the remarks of the gentleman from Georgia [Mr. Cox], and dispose of it today.

Mr. SNELL. And that will be all that will come before the House today?

Mr. BYRNS. If the request of the gentleman from Georgia is granted, and I hope it will be, I should think that would be all.

Mr. SNELL. There would be nothing else this afternoon?

Mr. BYRNS. But I hope the House will consent to meet at 11 o'clock tomorrow morning so we can get rid of some of these rules and get as far along as we can with the consideration of the appropriation bill, with a view to recessing over the week-end if something else does not intervene.

Mr. SNELL. As far as I am concerned, I would not want to raise any objection to meeting at any time the gentleman desires, provided it is absolutely necessary in the transaction of the business of the House; but if we have no business to keep us going all the time, I do not see any need of it.

Mr. BYRNS. I could not say to the gentleman it is absolutely necessary to meet at 11 o'clock.

Mr. SNELL. Whenever the gentleman thinks it is necessary, we will agree to it.

Mr. BYRNS. My only idea was that having all this business before us, there is a possibility we might conclude the

business of the week in time to take an adjournment over Saturday. However, I do not want to be in the attitude of promising this now, because the railroad bill or something else may come in to prevent it.

Mr. SNELL. When we adjourn this afternoon, if the gentleman announces his program and shows what he wants to do, I do not believe there will be any special objection to meeting any time the gentleman desires.

Mr. BYRNS. Mr. Speaker, I now ask unanimous consent that when the House adjourns today, it adjourn to meet at 11 o'clock tomorrow.

The SPEAKER. The gentleman from Tennessee asks unanimous consent that when the House adjourns today, it adjourn to meet at 11 o'clock tomorrow. Is there objection?

There was no objection.

Mr. BYRNS. Mr. Speaker, I now ask unanimous consent that the Rules Committee may have until 12 o'clock tonight to file such reports as it may have ready.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. WOODRUM. Mr. Speaker, can it be understood, subject, of course, to emergencies, that following the special matters that may be ready for consideration tomorrow the Appropriations Committee may have the right of way to complete this bill?

Mr. BYRNS. I know of nothing to the contrary.

Mr. SNELL. And there will be nothing else, outside of the speech of the gentleman from Georgia, this afternoon.

Mr. BYRNS. Not unless this conference report is taken up.

Mr. SNELL. The gentleman from Alabama may want to call up the conference report today.

Mr. BYRNS. Yes.

#### FEDERAL CONTROL OF INDUSTRY

The SPEAKER. Is there objection to the request of the gentleman from Georgia [Mr. Cox] to address the House for 30 minutes on the subject referred to?

There was no objection.

Mr. COX. Mr. Speaker, I asked for this time in order to discuss the proposed Federal wage, hour, and industry control legislation now pending before the House Committee on Labor. While there has never been a time when I approached the discussion of any question with greater confidence in the correctness of the position I take, I proceed in this instance with full knowledge of the fact that I am probably running counter to the trend of present-day thought as to what constitutes proper legislative treatment of our social and economic problems.

The pending measure, however, is so far reacting in its effect upon the lives of the people, and upon our entire system of government that I feel justified in giving warning of the dangers to both that I believe to be involved in our rushing upon the shoals which I see ahead.

The first section of the bill provides:

That no article or commodity, except whole milk or cream, shall be shipped, transported, or delivered in interstate commerce which was produced or manufactured in any mine, quarry, mill, cannery, workshop, factory, or manufacturing establishment situated in the United States in which any worker (which term is hereby defined to exclude executive and managerial officials) was employed or permitted to work more than 30 hours in any one week or more than 6 hours in any one day, or was employed or permitted to work after he had been working there and elsewhere in such production or manufacture in the aggregate of 30 hours in any one week or more than 6 hours in any one day, except as hereafter provided.

The exception referred to is stated in the following language:

A worker may be employed for not more than 40 hours in any one week or more than 8 hours in any one day for aggregate of more than 10 weeks in any one calendar year, if an extraordinary need in any plant or industry can only be met by utilizing a longer workday or workweek, and if the existence of such an extraordinary need has been determined and permission to utilize a longer workday or workweek has been granted by an hours-of-work board established as hereinafter provided.

Section 2 sets up machinery for carrying out the provision of the act and provides that the Secretary at his discretion



shall have authority to appoint an hours-of-work board or boards for designated enterprises or industries which such board shall have authority to determine the need and to permit the utilization of a longer workday as provided in clause (a) of the first section of the act.

Section 3 contains the most astounding proposal for the delegation of unlimited power to an individual ever heard of in the history of any free government, and is as follows:

SEC. 3. If it shall be found by the Secretary of Labor after due investigation that the operation of any plant or plants or enterprise of the character described in section 1 of this act is disturbing and preventing a fair balance of production or unfair competition in interstate commerce by reason of excessively long periods of operation, and thereby causing extraordinary hardship to other plants or enterprises in said industry with consequent substantial injury to the general welfare, then and in that event the Secretary of Labor, upon publication of such a finding, shall be authorized to specify a limitation that should be imposed upon the total hours of operation of said plant or plants or enterprises so as to bring about a more equitable adjustment of production within said industry; and if, after due notice of such specified limitation has been served upon those affected, further operations are carried on contrary to and in excess of the specified limitation, no articles or commodities produced or manufactured in said operations shall be shipped, transported, or delivered in interstate commerce.

Section 4 is likewise an astounding and revolutionary proposal and extends the power of control beyond the point fixed by the first section of the bill and embraces all goods held for shipment in interstate or foreign commerce wherever produced or manufactured, and is as follows:

SEC. 4. The Secretary of Labor shall have full power and authority to investigate and to ascertain the wages and hours of work of workers employed in any mine, quarry, mill, cannery, workshop, factory, or manufacturing establishment, or any other place in which goods are produced, manufactured, or held for shipment in interstate or foreign commerce, and if the Secretary shall ascertain and publish a finding that because of the limitation of hours of work herein or otherwise provided, or for any other reason, a substantial number of the workers in any occupation in any such enterprise are not receiving a wage fairly and reasonably commensurate with the value of the services rendered or sufficient for the maintenance of a reasonable standard of living, the Secretary shall be authorized, and it shall be his duty, to appoint a wage board to determine and to recommend minimum fair wage rates for such workers. Such a wage board shall be composed of an equal number of representatives of (1) the employers and (2) the employees respectively interested and (3) the disinterested public.

Section 5 empowers a wage board to summon witnesses to administer oaths and compel the production of evidence.

Section 6 makes provision for the making of recommendations by a wage board as to minimum fair wage rates, and empowers the Secretary of Labor to publish such recommendations as a directory order establishing minimum fair wage rates for the workers in the occupation covered by such recommendations.

Section 7 provides that the Secretary of Labor upon finding that employers are not observing the requirements of a directory order issued under section 6 of the act, and shall find that such nonobservance constitutes unfair competition with other employers who are observing such directory order, and that such employers by such nonobservance are nullifying the purpose and intention of Congress to prevent unfair competition in interstate commerce, to relieve unemployment and destitution and to protect and promote the general welfare, shall be authorized to give notice of his intention to make such directory order a mandatory order, in which order the names of noncomplying employers may be published. Immunity from liability from suit for damages is provided for.

Section 8 makes final the determination of all questions of fact as may be made by the Secretary of Labor but does make subject to judicial review all findings on questions of law.

Section 9 gives to the Secretary of Labor or to anyone authorized to act for him, broad inquisitorial powers—the power to enter and inspect any place at any time where goods are produced or held for interstate or foreign commerce, to examine any and all books, records, pay rolls, to require the posting of the hours of work, and the keeping

of such time, wage, and other records as may, in his judgment, be necessary, and section 9 (c) empowers the Secretary to require all persons engaged in the production or manufacture of all articles or commodities described in section 1 of the act to certify to their compliance with the requirement of the act as a condition precedent to making such articles or commodities eligible for shipment in interstate or foreign commerce.

Section 10 provides for the imposing of penalty upon any person not complying with the act.

Mr. CARTER of California. Will the gentleman yield?

Mr. COX. I will yield to the gentleman.

Mr. CARTER of California. Is the gentleman a member of the Labor Committee?

Mr. COX. No; I am not.

Mr. CARTER of California. Are the sections to which the gentleman refers sections which have been prepared by the Labor Committee and the bill introduced?

Mr. COX. No; this is the proposal that the Labor Committee had before it upon which testimony was taken. I do not know what action the Labor Committee has taken or what action it proposes to take. I happen to know that the measure is before the Labor Committee, but I do not know what the committee will bring in in the way of legislation.

Mr. CARTER of California. Does the gentleman know whose proposal this was?

Mr. COX. I do not; except that the Secretary of Labor testified upon proposals embodied in the bill.

This measure has a threefold purpose—the control of production, the federalization of all business, and the fixing of wages, and as a means of accomplishing this purpose the commerce powers of the Constitution are invoked.

The Black bill that recently passed the Senate is virtually the same as the first section of this bill, and when Mr. Green, president of the American Federation of Labor, who is a profound student of our economic, industrial, and social problems and a gentleman of great charm and culture, was testifying before the Senate Committee on the Judiciary in January on the Black bill, he said:

The purpose of this proposed law is not to regulate interstate traffic. It is purely to limit the hours of labor.

If this view be accepted generally, and it is, then we start out with the admission that Congress is invited to do something which it has not the power to do; that is, limit the hours of labor, which is in no wise connected with traffic, and to do this under its power to regulate traffic.

The proposal brings up anew the question as to whether the Federal Government has general police powers over all matters both of a general and local nature that may be in the remotest degree related to interstate commerce. In recognition of the fact that this is not in law an open question, the distressful condition of business and the social ills of the people are set forth as constituting an emergency and therefore justification for the doing of an illegal thing in order to bring about, in part, a desirable result.

Congress is here urged to decree that constitutional government is incapable of serving the needs of the people and that our dual system is a failure. If it were within the power of Congress to adopt this measure and it should be sustained by the courts then that well-balanced division of powers between the States and the United States would be completely destroyed. All State sovereignty would have been swallowed up by the Federal power, and local self-government would be a thing of the past.

It has been through the strained construction of the commerce clause of the Constitution that the Federal Government has gone farthest in incroaching upon the reserved powers of the States, but the bar to this further advance is such as not to be passed at a cost of less than the destruction of the States.

Article 1, section 8, clause 3 of the Constitution is as follows:

The Congress shall have power—to regulate commerce with foreign nations and among the several States, and with the Indian tribes.



The tenth amendment to the Constitution reads:

The powers not delegated to the United States by the Constitution, nor prohibited by the States, are reserved to the States respectively, or to the people.

It is well to keep in mind those two provisions of the Constitution for both have a direct bearing upon the questions raised.

Commerce within the Federal Constitution and as applies to the questions we are discussing has been judicially defined as traffic and intercourse, embracing all commercial intercourse between the States, and all component parts of such intercourse.

That production and manufacture constitute no part of commerce has been held by all the courts in a long and unbroken line of decisions and admits of no doubt.

The production of sugar beets and the manufacture of sugar, the mining of coal, and the manufacture of cloth, all intended for interstate shipment, have been held to be no part of interstate commerce and therefore not subject to the control of Congress.

In the case of *United Mine Workers v. Coronado Coal Co.* (259 U.S. 344) the court held: Coal mining is not interstate commerce, and the power of Congress does not extend to its regulation as such.

And again, in *Oliver Iron Mining Co. v. Lord* (262 U.S. 172): Mining is not interstate commerce, but, like manufacturing, is a local business, subject to local regulation and taxation \* \* \*. Its character in that regard is intrinsic, is not affected by the intended use or disposal of the product, is not controlled by contractual engagements, and persists even though the business be conducted in close connection with interstate commerce.

Mr. WOODRUFF. Will the gentleman yield?

Mr. COX. I will yield.

Mr. WOODRUFF. It would be interesting to know whether or not the court, in passing upon the question which the gentleman has quoted, rendered a unanimous decision or were divided.

Mr. COX. In some of the cases I have quoted the opinions were unanimous. I will discuss where the court divided on the question of authority for the action which it is urged that Congress should take.

Mr. GLOVER. Will the gentleman yield?

Mr. COX. I yield.

Mr. GLOVER. I have many protests coming to me from various States. They say that if this bill is passed, a farmer having a bale of cotton, where he employed laborers more than 30 hours, that that bale of cotton could not be shipped in interstate commerce.

The measure as drawn and upon which testimony was taken would operate in just such a case as the gentleman has stated, provided there was a holding for shipment involved.

Mr. RAMSPECK. Oh, I do not think the gentleman wants to misstate the purpose of the bill. It could not affect the cotton gin, because the cotton gin does not produce anything.

Mr. COX. The cotton gin processes the cotton. Here is where the bill is broadened in section 4 to include "any other place in which goods are produced, manufactured, or held for shipment in interstate commerce." It is this language of the bill that might be under certain conditions made to apply to the case stated by the gentleman from Arkansas.

In *Anderson v. Ship Owners' Association* (273 U.S. 359) the Court said:

Neither the making of goods nor the mining of coal is commerce, and the fact that the things produced are afterward shipped or used in interstate commerce does not make their production a part of it.

In the case of *Champlin Refining Co. v. Corporation Commission* (286 U.S. 235) the effort was made to enjoin the Oklahoma Corporation Commission from putting into effect an order to prorate the production of oil in the State on the ground that it interfered with commerce, and deciding the case, the Court said:

Plaintiff contends that the act and proration order operate to burden interstate commerce in crude oil and its products in violation of the commerce clause. It is clear that the regulation prescribed and authorized by the act and the proration established by the commission apply only to production and not to sales or transportation of crude oil or its products. Such production is essentially a mining operation, and therefore is not a part of interstate commerce, even though the product obtained is intended to be and in fact is immediately shipped in such commerce.

A thing is not a part of interstate commerce because of its being made for shipment across State lines. It only becomes a part of commerce when introduced into transportation.

A case in point is that of *Delaware, Lackawanna & Western Railroad Co. v. Yurkonns* (278 U.S. 439), where a workman was injured in the shifting of a coal car which was being received for shipment out of the State. The Court held that the workman was a miner engaged in the preparation of this coal for shipment, that he was not engaged in interstate commerce, that the State laws attached, and could not be defeated by the contention that the man was engaged in interstate commerce because he was fixing the coal on that car.

What is here proposed is to extend the Federal power of control over any article or thing entering or intended to enter interstate commerce back to the beginning of its origin, and if to its origin then ultimately to its final consumption. This means that the Government steps in and takes control with the dumping of the first bucket of coal in the furnace of the miller or cotton spinner and it attaches until the product, if food, is in the stomachs of the consumers, or, if cloth, is upon the backs of the people.

To limit the application of the principle in first instance to mine, quarry, mill, cannery, workshop, factory, or manufacturing establishment is not sufficient. It, of course, means that it shall be broadened to include every form of human endeavor. The growers of wheat, cotton, corn, potatoes, or anything else will fall under this despotic power of government that comes down from Washington the minute he sticks his plow into the ground. The hog raiser, the sheep and cattle grower, hand over to Washington the management of their business with the first feeding of their stock. The farm woman with her back-porch cannery becomes subject to the control of the law the minute she permits the house boy to work more than 6 hours per day or 5 days per week.

The advocates of this measure contend that it is within the power of Congress to do these things and that it is a proper and necessary exercise of such power. They base their contention upon the minority opinion of the Court in the case of *Hammer v. Dagenhart* (247 U.S. 277), decided January 3, 1918. The Court was here testing the constitutional validity of the act of Congress adopted September 1, 1916, which prohibited the shipment or delivery for shipment in interstate or foreign commerce of any article or commodity the product of any mill, mine, quarry, cannery, workshop, factory, or manufacturing establishment in which, within 30 days prior to the removal of such product, children under the age of 14 years had been employed or permitted to work, or children between the ages of 14 years and 16 years had been employed or permitted to work more than 8 hours in any one day.

The effort of Congress was to extend its power under the commerce clause to the point of preventing interstate traffic in articles or things produced or manufactured by anyone employing children under certain ages, and the purpose was to prevent child labor.

Mr. Justice Holmes, delivering the minority opinion in this case, in which Mr. Justice McKenna, Mr. Justice Brandeis, and Mr. Justice Clarke concurred, starts out with the broad proposition that the power to regulate includes the power to prohibit; but I respectfully submit that upon the authority of numerous decisions of the Court, including the majority opinion of the Court in this case, and as applied to commerce as a whole, this is not good law. The right to prohibit does apply in the sense that it may be used to protect and prevent commerce from being made an instrument of evil. The power of Congress to regulate foreign



commerce is not the same as its power to regulate commerce between the States. The distinction lies in the extent of that power growing out of the difference in the relation of the United States to the two kinds of commerce, and the difference in the right of the citizen and the foreigner to engage therein. As to foreign commerce, complete sovereignty is in the General Government, whereas, as relates to interstate commerce, it exercises only that portion of sovereignty as is specially delegated. The citizen has a right, while the foreigner enjoys a privilege.

The famous *Lottery case* (*Champion v. Ames*, 188 U.S. 321), cited by Mr. Justice Holmes as affording an instance where the court upheld an act of Congress shutting out of commerce altogether lottery tickets, purely harmless within themselves, had certain characteristics that gave them an exception to the general rule.

The court divided in this case, yet in upholding the act the court based its finding upon the inherent quality of illegality in the lottery tickets themselves. The same thing applies in every other instance where the right to regulate has been construed to include the right to prohibit.

While this minority decision concedes that the States may regulate their internal affairs and their domestic commerce as they like, yet it asserts that when they seek to send their products across the State line, they are no longer within their rights. But is this true? While the States cannot impress their will upon interstate commerce, they have the right to the use of its instrumentalities, subject to regulatory conditions that attach after the article has entered commerce, and not before. If their rights to traffic in State products were limited to the exercise of their police powers, the management and control of only that part of production and manufacture that is consumed domestically, then but little power would be left to them, for each State, by the nature of its location, soil, climate, natural resources, and the like, is compelled to specialize along certain lines. For instance, Texas, Georgia, Alabama, Mississippi, and others with their cotton; Florida and California with citrus fruit; North Carolina, Virginia, and Kentucky with tobacco; Kansas and others with their wheat; Iowa and Illinois with their corn; the New England States with their textiles; Pennsylvania and others with their coal and steel; and so on, including all the States. All produce for sale and use in other States, which make up interstate commerce, which Congress has the power to regulate.

If production and manufacture in all these things are to be brought under Federal control, then the States had as well surrender all sovereignty to the United States for Congress and the courts will have construed the delegation of a special power to mean the right in Congress to seize all power, and the tenth amendment will have become deadwood in the Constitution and might as well be thrown out.

Does anyone believe that such was the intent and purpose of the framers of the Constitution? If the planting of a seed in the ground, the sticking of an ax in a tree, the lifting of a stone from the ground, the working of more than 6 hours in any 1 day are to be prohibited, except done in accordance with the dictates of Washington, then liberty is dead in America and the people are but food for the ravenous man of government.

See the majority opinion of the Court in this *Dagenhart case*, delivered by Mr. Justice Day, in which the Court sustains the proposition that the States are sovereign in the exercise of all powers except those delegated to the United States; that the powers the people have delegated the General Government are named in the Constitution, and all not there named, either expressly or by necessary implication, are reserved to the people and can be exercised only by them, or upon further grant from them; that the powers of the States to regulate matters of internal police within their limits applies not only to the health, morals, and safety of the public but also to whatever promotes the public peace, comfort, and convenience; that production and manufacture is no part of interstate commerce and, therefore, not subject to Federal control; that the employment of labor is purely a matter for control of the States; that Congress has

no power to compel, either directly or indirectly, uniformity of legislation or legislation at all on the part of the States, and that to attempt to do so is to assume the exercise of a power which it does not have. In the majority opinion, and referring to the minority opinion of Mr. Justice Holmes and the cases cited by him, the Court said:

But it is insisted that adjudged cases in this Court establish the doctrine that the power to regulate given to Congress, incidentally the authority to prohibit the movement of ordinary commodities, and, therefore, the subject is not open for discussion. The cases demonstrate the contrary. They rest upon the character of governmental authority, State or National, possessed over them is such that the authority to prohibit as to them is but the assertion of the power to regulate.

The SPEAKER. The time of the gentleman from Georgia has expired.

Mr. VINSON of Georgia. Mr. Speaker, I ask unanimous consent that the gentleman's time be extended 10 or 15 minutes.

The SPEAKER. Is there objection?

There was no objection.

Mr. McKEOWN. Mr. Speaker, will the gentleman yield?

Mr. COX. Yes.

Mr. McKEOWN. What would the gentleman do to remedy the situation of the 12,000,000 men who are out of employment?

Mr. COX. Oh, surely there is within the genius of the people of this country some suggestion to make possible a proper dealing with those conditions rather than a destruction of the substantive law, the Constitution of the United States.

Mr. BOLAND. Mr. Speaker, will the gentleman yield?

Mr. COX. Yes.

Mr. BOLAND. Did I infer from the remarks of the gentleman from Georgia that he is against Congress fixing the minimum wage scale?

Mr. COX. Oh, of course. I submit it is not within the power of Congress to do anything of the kind.

Mr. BOLAND. Is the gentleman from Georgia aware of the fact that at the present in the State of Pennsylvania we have girls working for \$1 a week in factories and mills?

Mr. COX. That is a matter over which the State of Pennsylvania has control, and it is within the competency of the Legislature of the State of Pennsylvania to deal with that situation.

Mr. BOLAND. Does not the gentleman think that Congress should have the right to fix that?

Mr. COX. Not at all.

Mr. BOLAND. I disagree with the gentleman.

Mr. MARTIN of Colorado. Mr. Speaker, will the gentleman yield?

Mr. COX. Yes.

Mr. MARTIN of Colorado. Does the gentleman recognize the need for this legislation, provided Congress has the power under the Constitution to enact it?

Mr. COX. I approve of the divide-the-work movement that is going on. I believe that employment which is now being given should be spread out as far as possible with corresponding improvement in wages, but I would never concede that to be within the power or that it ought to be within the power of the General Government to do any such thing.

Mr. MARTIN of Colorado. The reason I asked the gentleman that question is this: He has very ably raised the question of the constitutionality of this legislation. Substantially the same objection has been raised to the entire legislative program at this session of Congress. That being the case, I want to ask the gentleman if these objections do not fairly raise the question as to the flexibility of the Federal Constitution and its responsiveness to the needs of modern civilization?

Mr. COX. The courts have already dealt with situations created by legislation of a type similar to that to which I am directing my remarks, and in each and every instance the Court has held that it is not within the power of Congress to deal with it.



Mr. DOCKWEILER. Mr. Speaker, will the gentleman yield?

Mr. COX. Yes.

Mr. DOCKWEILER. I have not yet made up my mind how I shall view this 30-hour-a-week matter myself, but I have listened very carefully to the gentleman's argument and want now to ask him a question. Does the gentleman not find that those cases he cites have drawn a sufficient distinction so that the Supreme Court could sustain this 30-hour a week law?

Mr. COX. No, they have not; but just to the contrary.

Mr. DOCKWEILER. Very well. That brings up another query. The gentleman's argument has been based almost entirely upon the Federal Government trying to go into the States and saying to an enterprise that it must not do this or that, but the Federal Government is only saying to the enterprise, If you do thus and so, you cannot ship that material or the fabricated goods across the line.

Mr. COX. The Federal Government has no right to lay down any such conditions to a sovereign State, compliance with which on the part of the States must be made before the States may use the instrumentalities of commerce.

Mr. DOCKWEILER. I am very much interested in the argument. Being a lawyer myself, I like to revel in such distinctions, but I have been more or less convinced by those same cases the gentleman cites, which I have read, that this law will be a good law.

Mr. COX. What case has the gentleman in mind?

Mr. DOCKWEILER. The child labor law.

Mr. COX. I shall deal with that a little later, if I may have the time.

Mr. DOCKWEILER. And the *Lottery case*.

Mr. COX. I have that.

Mr. DOCKWEILER. All those cases the gentleman cites lead me to the belief that this would be a good law.

Mr. LANZETTA. Mr. Speaker, will the gentleman yield?

Mr. COX. Yes.

Mr. LANZETTA. Is not this a time when States have been unable to cope with situations with which they have been confronted, as is witnessed by the farm bill, farmers' mortgage bill, and home owners' loan bill, which were recently passed?

Mr. COX. That may be true; and if so, it is to be regretted; but it is no justification for the States or the people coming here and asking Congress to trespass upon the sovereign rights of the people to the extent that they seize and exercise powers which are not granted under the Constitution.

Mr. LANZETTA. There is this justification: If Congress has been asked to step in and help the farmers and home owners, the people who are out of employment have a right to come to Congress and ask Congress to help them.

Mr. COX. There is no Member of this House who is more in sympathy with the people out of employment than myself. Provision must be made to take care of their needs, and I am willing to exercise the Federal power within the limitations fixed by the Constitution.

Mr. COOPER of Ohio. Will the gentleman yield?

Mr. COX. Yes; I yield.

Mr. COOPER of Ohio. I should like to say in reply to the gentleman from New York [Mr. LANZETTA], who said that the working people were coming here and asking for this, I attended the hearings of the Committee on Labor recently, and Mr. Matthew Woll made a very serious attack on this bill. He said it would make serfs out of the American workman; so I am not so sure that labor is asking for this.

Mr. MARTIN of Colorado. Not the 30-hour week.

Mr. COOPER of Ohio. The bill which the committee is considering right now.

Mr. MARTIN of Colorado. But his objection did not go to the 30-hour feature.

Mr. COX. It was to the minimum-wage provision.

Mr. COOPER of Ohio. It was to the minimum-wage provision and the power given the Secretary of Labor. That is all included in this bill.

Mr. MARTIN of Colorado. The 30-hour provision was the important thing.

Mr. RAMSPECK. Will the gentleman yield?

Mr. COX. I yield.

Mr. RAMSPECK. The hearings will disclose that Mr. Woll specifically stated he was in agreement with the position of President Green of the American Federation of Labor, and Mr. Green only opposed one provision of the Perkins' suggestion, which was the minimum-wage provision.

Mr. COOPER of Ohio. Well, if the gentleman will yield, I listened to Mr. Woll, and he made a bitter attack upon the bill from a half dozen angles.

Mr. RAMSPECK. If the gentleman will read the hearings he will see that I asked that question, and in answer to me he said he agreed with President Green.

Mr. BECK. Will the gentleman yield?

Mr. COX. Gladly.

Mr. BECK. The gentleman is making a most useful and illuminating address, if he will permit me to say so, and I only want, if I may, to supplement one of the gentleman's arguments. The point is made in the case of Hammer against Dagenhart that the Court was almost equally divided. The gentleman probably has in mind the case of Bailey against Drexel Furniture Co.

Mr. COX. That is right. There is the *North Carolina case*.

Mr. BECK. Where a much broader and sweeping governmental power than that covering commerce was used to regulate conditions in respect to child labor; and the Supreme Court, as I recall it, unanimously held there could be no such perversion of the taxing power.

Mr. COX. No. Mr. Justice Clark dissented, without opinion. However, two of the dissenting judges in the *Dagenhart case* did concur.

Mr. BECK. Is it not a fact that the taxing power is a far more sweeping and far more unregulated power, more fundamental to the Government, than the incidental power of regulation under the commerce clause?

Mr. COX. That is unquestionably true.

Mr. BECK. Is it not a fact that the taxing power was given with only two exceptions, and otherwise was apparently an unrestricted grant to the Federal Government, and is it not a fact that the Supreme Court, with only a justice dissenting, said that the taxing power could not be perverted to regulate conditions of industry or manufacture?

Mr. COX. The gentleman is correct in his statement, and I thank him.

The SPEAKER pro tempore (Mr. O'CONNOR). The time of the gentleman from Georgia has again expired.

Mr. COX. Mr. Speaker, I ask unanimous consent to proceed for 15 additional minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Mr. TARVER. Will the gentleman yield?

Mr. COX. I yield.

Mr. TARVER. It seems to be generally assumed by those interested in the passage of this proposed legislation that its enactment would relieve unemployment. I want to ask the gentleman whether or not in his opinion it might not have exactly the contrary result in many sections of the country and in many industries, and bring about conditions under which industries that are now operating successfully and keeping their employees employed would have to stop their operations entirely?

Mr. COX. This wage board which the act proposes to set up would have the power to shut down indefinitely the operations of any plant that produced for interstate shipment, and there are possibilities where the exercise of the power would mean a reduction of employment rather than its increase.

Mr. COOPER of Ohio. Will the gentleman yield once further for a short question?

Mr. COX. Yes; with pleasure.



Mr. COOPER of Ohio. I should like to ask the gentleman if he has given any consideration to making the provisions of this bill apply to foreign corporations; and if it is a good thing to pass the 30-hour week bill for labor in private industry, why should not Congress take the first step along that line by putting all Government employees under the 30-hour week and the 6-hour day? I read in the newspaper a day or so ago where a chauffeur for the Secretary of Labor left his job because she was working him 18 hours a day at the present time.

Mr. COX. Following the reading of the excerpt from Mr. Justice Day's decision in the *Dagenhart* case, referring to the dissent of Mr. Justice Holmes, the Court then proceeds to analyze the cases referred to and to illustrate the character of the particular subjects dealt with bringing them within the scope of the power of Congress to regulate commerce between the States. This case is so completely in point and controlling on the questions raised that I feel justified in quoting further.

Referring to the fact that the employment of child labor in one State may result in unfair competition to another State not permitting such labor, the Court said:

There is no power vested in Congress to require the States to exercise their police power so as to prevent possible unfair competition. Many causes may cooperate to give one State, by reason of local laws or conditions, an economic advantage over others. The commerce clause was not intended to give to Congress a general authority to equalize such conditions. In some of the States laws have been passed fixing minimum wages for women; in others the local law regulates the hours of women in various employments. Business done in such States may be at an economic disadvantage when compared with States that have no regulations; surely, this fact does not give Congress the power to deny transportation in interstate commerce to those who carry on business where the hours of labor and the rate of compensation for women have not been fixed by a standard in use in other States and approved by Congress.

The grant of power to Congress over the subject of interstate commerce was to enable it to regulate such commerce and not give it authority to control States in their exercise of the police power over local trade and manufacture.

The grant of authority over a purely Federal matter was not intended to destroy the local power always existing and carefully reserved to the States in the tenth amendment to the Constitution.

Police regulations of the internal trade and affairs of the States have been uniformly recognized as within such control.

And again the Court says:

That there should be limitations upon the right to employ children in mines and factories in the interest of their own and public welfare, all will admit. \* \* \* It may be desirable that such laws be uniform, but our Federal Government is one of enumerated powers. "This principle," declared Chief Justice Marshall in *McCulloch v. Maryland* (4 Wheat. 316), is universally admitted. \* \* \* In interpreting the Constitution it must never be forgotten that the Nation is made up of States to which are intrusted the powers of local government. And to them and to the people the powers not expressly delegated to the National Government are reserved. *Lane County v. Oregon* (7 Wall. 71). The power of the States to regulate their purely internal affairs by such laws as seem wise to the local authority is inherent and has never been surrendered to the General Government. \* \* \* To sustain this statute would not, in our judgment, be the lawful exertion of congressional authority over interstate commerce but would sanction an invasion by the Federal power of the control of a matter purely local in its character, and over which no authority has been delegated to Congress in conferring the power to regulate commerce among the States.

Following the decision of the Supreme Court in *Hammer* against *Dagenhart*, holding unconstitutional the act of Congress of 1916 regulating child labor through denying the right of any product of any producer named in the act in whose plants child labor had been employed to enter interstate commerce, Congress in February 1919 adopted another measure in which the same thing was sought to be accomplished, but in a different manner.

In this act Congress sought to impose a tax on the employment of child labor and provided that any mine or quarry—any mill, cannery, workshop, or factory in which children under the age of 14 years have been employed or permitted to work—shall pay for such taxable year an excise equivalent to 10 percent of the entire net profits received or accrued for such year from the sale or disposition of the products of his mine or other establishment.

In 1921, Bailey, United States collector of internal revenue for North Carolina, under authority of this act, made demand upon the Drexel Furniture Co. for a tax alleged to have accrued for 1919 for having employed a boy in its factory under 14 years of age. The company admitted the employment of the boy, paid the tax under protest, and brought suit to recover it, alleging that the tax was illegal because collected under a statute that was unconstitutional. The case was decided by the Supreme Court May 15, 1922 (*Bailey, Collector, etc., v. Drexel Furniture Co.*, 259 U.S. 20), and the decision of the Court was announced by Mr. Chief Justice Taft.

Between 1916, when the *Dagenhart* case was decided and 1922 when this case came up, Chief Justice White had passed on and Mr. Taft had taken his place. The decision in this case was put squarely upon the majority opinion in the *Dagenhart* case, and was concurred in by three of the judges dissented in the *Dagenhart* case, only Mr. Justice Clarke having dissented without opinion.

The attempt by Congress in this instance was the same as in the previous case; that is, regulate the use of child labor, a purely State function, and to do so through the use of the taxing power. In both cases Congress sought to do by indirect means that which it had no power to do directly, the use of a power to accomplish one purpose that was granted for an entirely different purpose; and here, as before, the attempt was to cure an evil which only the States can treat. In this case the Court said:

It is the high duty of this Court in cases regularly brought to its bar to decline to recognize or enforce seeming laws of Congress dealing with subjects not intrusted to Congress, but left or committed by the supreme law of the land to the control of the States. We cannot avoid the duty, even though it require us to refuse to give effect to legislation designed to promote the highest good. The good sought in unconstitutional legislation is an insidious feature, because it leads citizens and legislators of good purpose to promote it without thought of the serious breach it will make in the ark of our covenant or the harm which will come from breaking down recognized standards. In the maintenance of local self-government, on the one hand, and the national power, on the other, our country has been able to endure and prosper for near a century and a half.

The Court further said:

Grant the validity of this law and all that Congress would need to do hereafter, in seeking to take over to its control any one of the great number of subjects of public interest, jurisdiction of which the States have never parted with and which are reserved to them by the tenth amendment, would be to enact a detailed measure of complete regulation of the subject and enforce it by a so-called "tax" upon departure from it. To give such magic to the word "tax" would be to break down all constitutional limitation of the powers of Congress and completely wipe out the sovereignty of the States.

And again the Court said:

The case before us cannot be distinguished from that of *Hammer v. Dagenhart* (247 U.S. 251). Congress there enacted a law to prohibit transportation in interstate commerce of goods made at a factory in which there was employment of children within the same ages and for the same number of hours per day and days in a week as are penalized by the act in this case. In the case at bar, Congress—in the name of a tax which on the face of the act is a penalty—seeks to do the same thing, and the effort must be equally futile. The authority of the *Dagenhart* case is clear. The congressional power over interstate commerce is, within its proper scope, just as complete and unlimited as the congressional power to tax, and the legislative motive in its exercise is just as free from judicial suspicion and inquiry. Yet when Congress threatens to stop interstate commerce in ordinary and necessary commodities, unobjectionable as subjects of transportation, and to deny the same to the people of a State in order to coerce them into compliance with Congress' regulation of State concerns, the Court said that this was not in fact a regulation of interstate commerce, but rather that of State concerns, and was invalid. So here the so-called "tax" is a penalty to coerce people of a State to act as Congress wishes them to act in respect of a matter completely the business of the State government under the Federal Constitution.

Then the Court proceeds to discuss cases sustaining taxing measures pressed as having the effect or tendency of accomplishing purpose not directly within congressional power.

The minimum-wage feature of the proposal I will be compelled to omit from this discussion, but it will be gone into at a later date.



If I do not weary you, I should like to take up and discuss very briefly a few of the cases relied upon as sustaining the minority opinion in the *Dagenhart case*; that is, that regulation may take the form of prohibition.

In the case of *In re Rahrer* (140 U.S. 545), there arose the question of the validity of the prohibition law of the State of Kansas as applied to liquor in original packages shipped in from another State and the constitutionality of the act of Congress exempting such liquors of immunity because of their interstate character upon being introduced into a State that had adopted such laws in the exercise of their police powers.

The Court held that State jurisdiction attached not by virtue of the law of Congress but because of its effect in placing the liquor where State jurisdiction could attach. In other words, Congress conferred no power upon the States not already possessed, "but allowed imported property to fall at once upon arrival within the local jurisdiction." Distinction was drawn between State police powers and Federal commercial powers, the Court saying:

Though quite distinguishable when they do not approach each other, may yet, like the intervening colors between white and black, approach so nearly as to perplex the understanding, as colors perplex the vision in marking the distinction between them.

The effect of the decision was to hold that because the article was prohibited in the State of Kansas and by virtue of the act of Congress withdrawing Federal protection, it no longer belonged to commerce after coming to rest in the State in which it was an outlaw.

The case is so full of good State-rights doctrine and fine reasoning that I commend its study to those interested in the subject.

In the *Lottery case* (188 U.S. 321), the Court simply held that lottery tickets are things of value; they represent the chance for large prizes; that they are subjects of traffic and therefore are subjects of commerce; and that the regulation of their carriage is a regulation of commerce among the several States.

The question was, Can regulation be carried to the point of prohibition? The Court again said that the character of the article and the nature of the traffic could not be overlooked; that the common forms of gambling are comparatively innocuous when placed in contrast with the wide-spread pestilence of lotteries that prey upon the hard earnings of the poor and plunders the ignorant and simple; that Congress had the power to keep the channels of commerce from becoming polluted by things determined to be injurious to the health or morals of the people, or as constituting a burden upon commerce. But let it again be said that Congress has not the power to close the channels of commerce to property of a lawful character, harmless in its nature, useful and necessary and subjects of barter and sale.

The feature of the "bad egg case", *Hipolite Co. v. United States* (220 U.S. 45), that gives it value as authority for the advocates of this measure was the holding of the Court as to the extent that an article can be pursued as still being in commerce after it has come to rest. This was a libel proceeding brought by the United States under the Pure Food Act against 50 cans of adulterated eggs shipped from the State of Missouri into the State of Illinois and brought while the eggs were still in original packages and in the hands of consignee. Section 10 of the act provides that if—any article of food that is adulterated and is being transported from one State to another for sale, or, having been transported, remains unloaded, unsold, or in original unbroken packages, shall be liable to be proceeded against and seized for confiscation by a process of libel for condemnation.

The libel was resisted upon the ground that the court had no jurisdiction of the thing sought to be condemned, and cited *Warning v. The Mayor* (8 Wall. 110), in which the Court said:

When the importer sells the imported articles or otherwise mixes them with the general property of the States by breaking up the packages, the state of things changes, as was said by this court in the leading case, as the tax then finds the articles already incorporated with the mass of property by the act of the importer. Importers selling the imported articles in the original packages are shielded from any such State tax, but the privilege of exemp-

tion is not extended to the purchaser, as the merchandise, by the sale and delivery, loses its distinctive character as an import.

*Hoke v. United States* (227 U.S. 308) is the first case that arose under the White Slave Act, which outlawed the transportation of women and girls for immoral purposes.

The court held that—

While women are not articles of merchandise, the power of Congress to regulate their transportation in interstate commerce is the same, and it may prohibit such transportation if for immoral purposes.

That—

The right to be transported in interstate commerce is not a right to employ interstate transportation as a facility to do wrong, and Congress may prohibit such transportation to the extent of the White Slave Traffic Act of 1910.

I would like to deal more fully with this case and to analyze the other white-slave cases, the *Clark Distilling Co.*, the *Seven Cases of Eckman's* Alternative case, and others, but the time necessary for this is not at my disposal. Suffice it to say that in every instance it was because of the nature of the traffic that the power of Congress to deal therewith was upheld.

Mr. MAY. Mr. Speaker, will the gentleman yield?

Mr. COX. I yield.

Mr. MAY. I may suggest that my reading of the bill which the gentleman is discussing has convinced me that the vicious element of it is the fact that it undertakes by indirection to prohibit business, that is, by limiting the number of hours, by penalizing, by refusing shipment in interstate commerce; and secondly, by putting everybody who violates an order of the Secretary of Labor on a black list.

Mr. COX. That is true.

[Here the gavel fell.]

Mr. COX. Mr. Speaker, I ask unanimous consent to proceed for 5 additional minutes.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Mr. COX. Mr. Speaker, we must not lose sight of the fact that the Federal Union was built upon the States and that it is a government of delegated powers, that all powers not specially delegated are reserved to the States or the people, which fact is given emphasis in the tenth article of the amendment. If the powers delegated are not sufficient for Federal purposes, then the question of granting more should be submitted to the people in the form of amendments. To argue that our chief concern is in the doing of things without regard to how they are done is to rebel against the law and to seize powers that belong alone to the people.

The Federal Government is alone supreme in the exercise of the powers delegated to it. In all other respects and to the same degree the States are supreme, but back of all government is the sovereignty of the people, and into this field Congress cannot go without trespassing upon the sovereign rights of the people.

What becomes of the guaranties of the Constitution to the people to protect them in the enjoyment and use of their faculties in all lawful ways, to live and work where they will, to earn a livelihood by any lawful calling, and to enjoy in peace and security the fruits of their labor if Congress is to harness them up with all sorts of alleged legal restrictions and make them subject to the dictates of a single agent of the Government?

Mr. Speaker, what does this measure mean to the American people? If it alone operates to divide work without added costs to business and without slowing down operations, then the effect will be that those now employed will be required to provide support for the unemployed. This will lighten the load that charity is carrying, but it will not increase the purchasing power.

If it means that for 30 hours of work the laborer is to receive pay for 48 hours, and if production and manufacture is not to slow down the effect will be to increase manufacturing costs, which will be passed on to the consumer and reflected back on the producers of raw commodities. Those industries that enjoy monopolies and high-tariff subsidies



may carry on without difficulty, except that involved in higher consumer costs. But how will this work with those industries that enjoy no such advantage? How will it affect agriculture?

Take the cotton spinners, for illustration. They have no monopoly and can have none. They have no effective tariff subsidy. When their business is taken over by the Government, who sets up for them a wage scale, regulates hours of labor, stops operations to hold down production in the interest of price, operating costs are bound to rise, which must be made up in some way, and since they cannot be passed on to the buying public, due to the like of consumer demand, they can only be reflected back to the farmer in lower price for his already underpriced commodity. The same thing applies to the growers of wheat, corn, potatoes, peanuts, hogs, cattle, and all other farm commodities. This means a further disparity of price between what the farmer has to sell and that which he is compelled to buy. It means his eternal ruin.

The farmer who produces all these commodities for interstate shipment is made subject to the law under section 4 of the bill. He is not to be permitted to work his labor more than 30 hours per week, and the wage that he shall pay is to be fixed not by him but by the Government. He will be made to keep books and submit to examination, and if he fails to obey the orders that descend upon him from Washington he will be thrown in jail and made to do penal servitude.

Mr. DUNN. Mr. Speaker, will the gentleman yield?

Mr. COX. I yield.

Mr. DUNN. Would the gentleman be in favor of a 6-hour day and a 5-day week if it would give employment to at least 5,000,000 men and women?

Mr. COX. Oh, not through having it fixed by the Federal Government; of course not.

Mr. DUNN. The question is, would the gentleman favor it if he were assured it would give that much additional employment?

Mr. COX. As a citizen of my State, if conditions demanded it, as they probably do, I, of course, might take that position in a case where the State sought to treat the problem as one within its own responsibility.

Mr. MOTT. Mr. Speaker, will the gentleman yield?

Mr. COX. I yield.

Mr. MOTT. If instead of the specific bill the gentleman is discussing, discretionary power were granted to the President to fix the hours of labor and to fix minimum wages, would the gentleman favor it?

Mr. COX. If the grant carried with it the implication of the use of powers not delegated to Congress, I would resist it; but no one questions but that the President will use only in a constitutional manner such powers as have been and will be delegated to him. I am not afraid of the President, and therefore am not afraid to grant him broad powers.

Now, Mr. Speaker, if work hours and price of labor are to be fixed for one industry, then it must be fixed for all; and if price be fixed for all, then the price of the things that labor produces must be fixed, and price fixing means high prices. It is a form of guaranty of profit and is intended to defeat the law of supply and demand.

The measure takes no account of the difference in the conditions of men. One may have no obligations, no dependent, owe no debts, and be the owner of property, with money in the bank, and therefore under no compulsion to work more than 6 hours per day; while another may be penniless and homeless, with many dependents, and therefore driven by necessity to earn all that he can. As between the necessities of the two, the proposal makes no distinction.

What is to become of the lower-paid employee? What is to be the effect upon his life and that of his family when he is denied the right to work more than 6 hours per day and 5 days per week? What could be more intolerable to them, the farmer, the miller, and other small operator, indeed, for all, than for the Government to take charge of their business and their lives?

It may be insisted that this Federal control is not to be applied directly to the farmer; but how will it affect him? Let me illustrate: If it be expected that the earning power of the laborer is not to be cut down, that under the proposed law he will draw the same pay for a short day's work that he now draws for a long day's work, it will mean that the operating costs of the railroads will be increased three quarters of a billion dollars, which must be paid by the users of the services that the railroads render—and the farmer is a large user of these services. It means that rail transportation costs will go up, whereas they are already too high. A hundred or more such illustrations could be given. It means higher-priced farm implements and lower-priced cotton and all other crops.

Mr. Speaker, the measure does not come forth as a temporary remedy to take care of an emergency, but is proposed as a permanent policy of government. It proceeds upon the assumption that the depression is to continue as a permanent condition, whereas we must believe that the future holds for the people the promise of something better than penury and want.

Is this proposed law what the people want? Are they not entitled to something better than despotism? Must we destroy what it has taken more than a century and a half to build? Surely, Mr. Speaker, there is some saner and juster way of accomplishing that which must be done.

Mr. Speaker, nothing that Russia has done is worse than what is here proposed. This measure is the death warrant of all human liberty in America. It is to the people a denial of the right to live their lives in a fashion agreeable to their own will. It is madness without tuition or restraint. It is the jailhouse of reason, a snare and a delusion. In its every word and every line there is a dagger thrust at the best part of life, and if it should be enacted into law and be upheld by the courts it will prove to be the executioner of the liberties of the people. Mr. Speaker, I do not believe that such a measure will ever become law with the sanction of our great President. [Applause.]

#### FEDERAL EMERGENCY RELIEF

Mr. DRIVER, from the Committee on Rules, submitted the following resolution for printing under the rule, which was referred to the House Calendar and ordered printed:

#### House Resolution 135

*Resolved*, That upon the adoption of this resolution, the House shall proceed to the consideration of the conference report on the bill, H.R. 4606, and all points of order against said conference report shall be waived.

#### FEDERAL CONTROL OF INDUSTRY

Mr. MALONEY of Connecticut. Mr. Speaker, I ask unanimous consent to address the House for 15 minutes, on the subject of the 30-hour week.

Mr. COCHRAN of Missouri. Mr. Speaker, since there is no real business before the House this afternoon I make the point of no quorum.

Mr. GOSS. Mr. Speaker, will not the gentleman withhold his point of no quorum? My colleague from Connecticut would like to discuss the 30-hour week bill a few minutes. I hope the gentleman from Missouri will not insist upon his point of no quorum.

Mr. COCHRAN of Missouri. Mr. Speaker, I withdraw the point of no quorum.

The SPEAKER. Is there objection to the request of the gentleman from Connecticut.

There was no objection.

Mr. MALONEY of Connecticut. Mr. Speaker, I am very sorry that in the closing hour of this day I feel compelled to intrude upon your time by asking you to hear something more on this very important subject, but my conscience compels me, after hearing the very eloquent speech of the gentleman from Georgia, to burn just a little incense for the 15,000,000 people who are out of work. I am sorry I have not his gift of eloquence, that I cannot weave words into beautiful language as he did, and that I am not fully prepared to make a speech at this time on this particular subject; but I think it is fitting and proper on behalf of

those who look to us for relief that there be in the RECORD at this particular place something in defense of this all-important measure.

I am not a lawyer and I am not qualified to discuss the constitutional features of this particular bill, but I believe we have arrived at the time in the history of this country when we must give thought to the security of the Nation. I thought, as the gentleman from Georgia [Mr. Cox] spoke about the destruction of sovereign rights, that perhaps we would have no pure food law on the statute books now if the same sovereign rights of the States did apply. I am satisfied that if, in an earlier day, we needed the pure food law to protect the health and welfare of the people of this country then we need such a law a thousandfold now. While I would like to believe, as he does, that we should be permitted to work this thing out by the process of evolution rather than revolution, I think it is much less serious to tell a man how long he may work than to tell him he may not work at all. [Applause.]

I think most of the Members of this House have long since concluded that there can be no return of good times until the buying power of the Nation is restored. I think we have heard so much on the subject that the membership of this House fully appreciates that more than half of the buying power of this Nation at this moment is completely destroyed. If it is true—and I believe it is—that there are 15,000,000 people out of work, I doubt that anyone will disagree when I say that this represents half of the Nation's population. Half of the buying power of the population is completely destroyed, and the buying power of the other half, the half to which you gentlemen belong, has been very seriously impaired. People who are working, and professional men who are attending to the wants of those in misery, are not being paid. This buying power is steadily going downhill, and we know we cannot reconstruct this buying power until people return to work.

There are so many features to this all-important subject, so many things worthy of consideration, that they cannot be discussed in the brief time of 15 minutes, and I do not want to trespass upon your time too long now. If I had the time, and you had the time, I would like to discuss at great length the result of the inventive genius of the past 15 years.

Oh, I would like to see this thing work out as the distinguished gentleman from Georgia would have it work out. He said he did favor the shorter work plan. That is all this bill asks be done. The manufacturers of this country have staggered in the wilderness for the last 4 years. They have pursued a floundering philosophy. They have asked for and have agreed to share the work; but it fails to work, and as a last resort, Members of Congress who are concerned with the plight of these people have exerted their efforts and the kind of inventive genius they have, in an attempt to spread the rewards of the inventive genius that the manufacturing interests of this country have denied to the people who work.

Oh, there can be no return to good times until this inventive genius is divided. It does not belong to the manufacturers alone. It belongs to the people who work for them, to the farmers of this country, to the merchants, and others who make up the national structure, and until it is divided we cannot have good times.

Patiently, the people have waited, and I tell you, Mr. Speaker, no man in this House has been more closely face to face with the problems of unemployment than I have. I have been mayor of an industrial city since the beginning of this depression. I have heard the cries of misery and the moanings of hungry and anxious mothers and the appeals of weary and worried fathers, and I know we cannot delay too long the return of better times.

I know the staggering load being borne by the communities of this Nation because people cannot pay their taxes, and just so long as we delay a measure that would get people back to work, just so long do we threaten this entire structure that we are praying here to preserve.

Oh, I wish I had proper time for the preparation of a speech at this point on this particular subject. I hope you will not be swayed by these appeals to your constitutional

thought, by these emotional appeals about destroying the Constitution. There can be naught but destruction unless we get these people back to work, and whether they did it by accident or design the founders of this Nation so wrote the Constitution that it could be flexible, and, in my humble opinion, if this law does become effective and it goes to the Supreme Court of the United States, there will be a great surprise in store for those lawyers who say at this time that it is unconstitutional.

Mr. KVALE. Does not the gentleman believe that applies also to the child labor law which was declared unconstitutional some years ago?

Mr. MALONEY of Connecticut. I certainly do. I think there would be an entirely different decision on the part of the Supreme Court if they were called upon to decide that question at this time.

Mr. COX. What has happened to make the gentleman entertain that thought?

Mr. MALONEY of Connecticut. There has been a change in the membership for one thing, and conditions are considerably different now from what they were at that time. I think the Supreme Court would have a great concern for the situation of the Nation, because of the fact there are 15,000,000 people out of work now.

Mr. COOPER of Ohio. If the gentleman will permit, I am very much impressed with the splendid statement the gentleman from Connecticut is making and I know he is honest and sincere in this movement. I would like to ask the gentleman this question. I favor the principle of the shorter work week, and always have. Does not the gentleman believe that any legislation that is brought in here for a 30-hour week should apply to foreign imports?

Mr. MALONEY of Connecticut. I certainly do.

Mr. COOPER of Ohio. And does not the gentleman believe that if it is a good thing for private industry we ought to establish it in the Government institutions?

Mr. MALONEY of Connecticut. I certainly do.

Mr. McGUGIN. I am very much in accord with what the gentleman has said pertaining to reducing the hours of labor, but why is it necessary to bog down that simple proposition with all of this control of industry which is being brought into this bill? Why would it not be better to just bring in a bill providing for shortening the hours of labor without all this socialistic and Government control and domination of industry?

Mr. MALONEY of Connecticut. I am making an appeal for the principle of the regulation of working hours and not the bill in question.

Mr. McGUGIN. The gentleman and I are in full accord then.

Mr. MALONEY of Connecticut. Mr. Speaker, I thank you. [Applause.]

#### FARM RELIEF

Mr. GREENWOOD. Mr. Speaker, I present a privileged report from the Committee on Rules for printing.

The report was referred to the House Calendar and ordered to be printed.

The following is the resolution:

#### House Resolution 136

*Resolved*, That notwithstanding the previous action of the House relative to the conference report on the disagreeing votes of the two Houses on the bill H.R. 3835, immediately upon the adoption of this resolution the House shall consider said conference report without the intervention of points of order against the same.

Mr. NESBIT. Mr. Speaker, I ask unanimous consent to address the House for 15 minutes.

The SPEAKER. Is there objection?

There was no objection.

Mr. NESBIT. Mr. Speaker and gentlemen of the House, I am not a lawyer, and therefore I have no legal mind. I have mind enough to know, however, and I feel that I am practical minded enough to know that you cannot feed hungry mouths with court decisions.

I also desire to state that if I understand the question being discussed here now we are merely talking on the



subject. There is no bill before the House at this time and there was no necessity for quoting all the different court decisions. The Labor Committee, of which I am a member, has not yet submitted a bill. We are working on that now and expect the bill to be reported later.

It must be evident to every Member of Congress that prompt and definite action on the part of this Congress is necessary to relieve our existing and serious situation regarding unemployment.

There are more people unemployed now than when this session convened, and according to the figures of the American Federation of Labor this idle army has risen to the enormous figure of 15,000,000. What a tragedy in a land of wealth and a land of plenty!

Our whole commercial, industrial, and economic structure seems to be hung up on a hook—a big, fat, strong hook. Manufacturers and industrialists are making no attempt to lift it off and put it back in working order. No one seems to be able to do anything about it except talk and hope and whine and scold.

In face of conditions as they are—with conditions getting worse—it surely behooves this body to act, and in a way that will be effective, constructive, and definite. Some constructive legislation has already been passed but more is needed, and needed now.

The people of this Nation are in the dumps. They are up a blind alley and are looking eagerly and with interest to this Congress to lead the way out. I speak of the great masses and not those referred to as the privileged few.

If someone had suggested a few years ago legislation for the banks of this country they would have resented it and rose in horror and protested against governmental interference with their affairs, but recently they came to the Government at Washington and asked Congress to save them from themselves. What is true about them is about to take place with the railroads, and what is true of the banks and the railroads is true of industry. They are lying prostrate and unable to straighten out the situation.

The latter have had their day in court and have failed. It is they who, in the main, are responsible for the distress and suffering which now stalk the land. So far as I am concerned the exploiters of labor and of the country's resources are going to get in line and cooperate with the Government in an honest endeavor to bring about some necessary adjustments. They continue to see the universe through a gimlet hole and blind themselves to the ever-growing unrest that is prevalent everywhere.

The pangs of hunger and want is a dangerous element in society. When it affects too many and lasts too long it usually causes trouble. The pages of history of this old world contain sufficient evidence for me (and should for every thinking American who stands for right and justice and a square deal) that to temporize longer with the conditions affecting the happiness and comforts and lives of millions of men, women, and children is, to say the least, bad business.

Anyone who cannot see the handwriting on the wall must be blind. Fifteen million unemployed—millions more working only part-time with wages on the downward trend is a gloomy picture. With their dependents added this brings us to a total number of approximately 40,000,000 of our citizens thus affected and without the bare necessities of life.

Mr. Speaker, this is not a depression. It is a catastrophe—horrible to depict and terrible indeed to mention. But it is here! What are we going to do about it? Vote for this bill when it comes to this House. It will help. It will go a long way toward relieving unemployment and distress.

We will have to either feed, fight, or get jobs for these people. I will not fight them. I know their wants and desires. I am for spreading the work and creating more jobs. That is what they need, that is what they want, and that is what they are entitled to. That is what this bill proposes to do.

We need not refer to radical writing to find clear and pronounced expression that our economic system is break-

ing down. Outstanding business men, economists, and statesmen of vision and understanding are becoming anxious and alarmed about the affairs and safety of our country. Not Trotskys and Lenins and Stalins, but American citizens in high places are sounding the warning.

Daniel Willard, president of the Baltimore & Ohio Railroad, told the Wharton School of Finance and Commerce some years ago that a system which permitted five or six million men to be out of work in a country bursting with wealth "can be said to have failed in at least one very important detail." Now we have millions more. It was Willard again, and no member of a proscribed order, who said that if he were one of the jobless in those circumstances he would steal before he would starve.

Robert S. Brookings, wealthy retired manufacturer, president emeritus of Washington University, of St. Louis, wrote in the St. Louis Post-Dispatch, in advocating a modified form of capitalism, that—

Our western civilization must vindicate its worth, if it is to endure.

And he added that it could vindicate its worth—

only by demonstrating its ability to correct its own defects and its consequent capacity for constructive development.

Prof. F. W. Taussig, of Harvard, sees—

control and power concentrated in a few hands to an ominous degree.

And Henry W. Anderson, conservative Virginia lawyer and a member of the Wickersham Commission, finds in his survey of the causes of crime that the American people, as an incident to the exploitation for private gain of one of the most fruitful areas of the world, have—

created the widest spread between the extremes of wealth and poverty existing in the western world.

Senator JAMES COUZENS, of Michigan, who helped to create the Ford Motor Co. and made a fortune out of it, sounds the warning:

People will not suffer indefinitely in the midst of plenty.

And Dr. L. D. Coffman, president of the University of Minnesota, declares that—

communism in its various forms will not be held at bay by negative actions.

Dr. Nicholas Murray Butler, president of Columbia University, asserts that we are passing through no ordinary depression but through a revolutionary period brought on by long-accumulating forces.

What the country needs—

He says—

is personalities who are not anxious, like the jockey, to keep their seat in politics, but who are willing to tell the people the truth and to guide them toward a constructive, a liberal, and a progressive solution of those vast problems.

Dean Wallace B. Donham, of the Harvard Graduate School of Business Administration, author of *Business Adrift*, said to a meeting of the Industrial Chamber of Commerce in Washington—

that if there were not sufficient brains and good will in the world to solve the problems of the depression, then our mass production, our scientific progress, our control over nature, may actually destroy civilization.

Charles G. Ross, political writer for the St. Louis Post-Dispatch, says:

Our general depression is home-made and fundamentally due to the maldistribution of wealth.

He goes on to say:

The 504 supermillionaires at the top of the heap in 1929 had an aggregate net income, for taxation purposes, of \$1,185,000,000. These 504 persons could have purchased with this income virtually the entire wheat and cotton crops of 1930—the two chief cash crops of the Nation, representing the labor of 1,300,000 wheat farmers and 1,032,000 cotton farmers.

Dr. George Knapp, of the railway men's newspaper, *Labor*, shows, from official statistics, that in comparison with the \$538,664,187 net income of the 85 wealthiest taxpayers in

1929, the 421,000 workers in the clothing industry received in wages \$475,318,677. In other words—

These 85 men could have paid the entire wage bill of the clothing industry and still have left for themselves about three quarters of a million apiece.

Federal legislation establishing the 6-hour day and the 5-day week in American industry is the new emancipation proclamation of American labor. Other adjustments to carry forward the high social purposes behind this legislation must come just as reconstruction and adjustment followed the freeing of the slaves.

Economic quackery, blind and prejudiced propaganda have aroused phantom fears in a few of our industrial leaders. In the midst of ruined lives, ruined business, and abundant wealth they would avert the avalanche of crucial events by blind devotion to the economic ritual of outworn Troy dogmas.

There are 15,000,000 willing American workers idle. Unemployment is increasing faster than the means of relief. We must face this situation constructively and fearlessly. We must do the thing that is needed. The alternative is to sit down and wait until the rising distress of the vast army of unemployed overwhelms our domestic tranquillity. We must take up the slack of unemployment.

Those who maintain that a reduced working day and a reduced working week will further decrease the individual's weekly total wage speak without knowledge of the history of the movement for increased leisure to workers.

The president of the American Federation of Labor, William Green, spoke with the authority of past accomplishments behind him when he told the House Committee on Labor that the establishment of the 5-day week and the 6-hour day would tend to increase wages rather than to diminish them. The movement for wage reduction during the current depression has proceeded regardless of the working hours in various industries. Many short-sighted manufacturers have mercilessly slashed wages, despite their pledges not to do so. The vast reservoir of the unemployed who are undernourished and desperate does more to depress wages than any other thing.

America awaits increased spending power. In the face of the abdication of private business, the Government must care for the collective wants of its people or else fail to justify its existence. "America has not lost its wealth", we are told in Al Smith's New Outlook for April. It has lost control over its wealth. How will that control be re-established? Not by a return to sweated labor; not by destroying labor's collective bargaining power. We must take the forward path, create the leisure which consumers need for the enjoyment of twentieth-century products, and create the purchasing power with which those products can be obtained. We live in the richest single community ever built and inhabited by man. Why should we stand helpless before this peril of plenty? Shall we bow down to the machine and fear to eat the manna which it provides? Shall we remain slaves of the things we have created, or shall we act as intelligent men?

Wage standards under the 8-hour day are far above the standards under the old 12-hour and 10-hour day. Both employers and employees have profited by the shorter working time; and even if temporarily this should fail to check the downward course of wages in its disastrous plunge, it will solidify labor and give it the backlog of security to support its demand for what has already been conceded by far-sighted employers who have already established the working conditions required in this new legislation. The 5-day week has been adopted by the Goodyear Tire & Rubber Co., the Standard Oil Co., and the great cereal manufacturers. They report that the workers have increased their efficiency and their total output and are earning the wages which others receive for longer working hours.

Special hardships which this might bring to farmers and certain industries dealing with perishables are eliminated in the exemption clauses of the bill. This legislation is part

of the "new deal." Those who oppose it most blindly today will benefit by its far-visioned philosophy. This is progress.

[Applause.]

Mr. MOTT. Mr. Speaker, will the gentleman yield?

Mr. NESBIT. Yes.

Mr. MOTT. I am in accord with everything the gentleman has said. I am for the bill, but I have heard some very distressing things in connection with it. I have heard it is not a part of the administration program, and that the administration is not in favor of it; that when the committee reports the bill into the House, the Democratic leadership will not allow it to be considered. Can the gentleman, as a member of the committee, give us some information on any of those three things?

Mr. NESBIT. I cannot give the gentleman any definite information on that matter.

#### LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. BRUNNER, for today, on account of illness.

To Mr. AUF DER HEIDE, on account of death in family.

Mr. REED of New York, for 3 days, on account of illness.

To Mr. HANCOCK of North Carolina, for 2 days, on account of important official business.

To Mr. KENNEDY of New York, for the balance of the week, on account of illness.

#### ADJOURNMENT

Mr. BYRNS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; and (at 4 o'clock and 34 minutes p.m.), in accordance with the order heretofore made, the House adjourned until tomorrow, Tuesday, May 9, 1933, at 11 o'clock a.m.

#### COMMITTEE HEARINGS

##### COMMITTEE ON IMMIGRATION AND NATURALIZATION

(Tuesday, May 9, 1933, 10 a.m.)

Hearing in the old Office Building, room 483, on House bill 3842 (the deportation of alien seamen) and other business.

#### EXECUTIVE COMMUNICATIONS, ETC.

59. Under clause 2 of rule XXIV, a letter from the Secretary of War, transmitting draft of a proposed bill for the relief of the D. F. Tyler Corporation and the Norfolk Dredging Co., both of Norfolk, Va., was taken from the Speaker's table and referred to the Committee on Claims.

#### REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. WARREN: Committee on Accounts. House Resolution 132. Resolution authorizing the payment of the expenses of the Judiciary Committee in investigating the official conduct of James A. Lowell (Rept. No. 103). Ordered to be printed.

Mr. POU: Committee on Rules. House Resolution 131. Resolution providing for the consideration of H.R. 5081; without amendment (Rept. No. 104). Referred to the House Calendar.

Mr. SMITH of West Virginia: Committee on Mines and Mining. S. 7. An act providing for the suspension of annual assessment work on mining claims held by location in the United States and Alaska; without amendment (Rept. No. 105). Referred to the Committee of the Whole House on the state of the Union.

Mr. DRIVER: Committee on Rules. House Resolution 135. Resolution providing for the consideration of conference report on H.R. 4606. An act to provide for cooperation by the Federal Government with the several States and Territories and the District of Columbia in relieving the hardship and suffering caused by unemployment, and for other purposes; without amendment (Rept. No. 106). Referred to the House Calendar.



Mr. McFARLANE: Committee on Naval Affairs. S. 753. An act to confer the degree of bachelor of science upon graduates of the Naval Academy; without amendment (Rept. No. 107). Referred to the House Calendar.

Mr. GREENWOOD: Committee on Rules. House Resolution 136. Resolution providing for the consideration of conference report on H.R. 3835. An act to relieve the existing national economic emergency by increasing agricultural purchasing power; without amendment (Rept. No. 108). Referred to the House Calendar.

Mr. RAYBURN: Committee on Interstate and Foreign Commerce. H.R. 4870. A bill to extend the times for commencing and completing the construction of a bridge across Lake Sabine at or near Port Arthur, Tex.; with amendment (Rept. No. 109). Referred to the House Calendar.

Mr. BULWINKLE: Committee on Interstate and Foreign Commerce. H.R. 5152. A bill granting the consent of Congress to the State Highway Commission of Virginia to replace and maintain a bridge across Northwest River in Norfolk County, Va., on State Highway Route No. 27; with amendment (Rept. No. 110). Referred to the House Calendar.

Mr. BULWINKLE: Committee on Interstate and Foreign Commerce. H.R. 5173. A bill granting the consent of Congress to the State Highway Commission of Virginia to maintain a bridge already constructed to replace a weak structure in the same location, across the Staunton and Dan Rivers, in Mecklenburg County, Va., on United States Route No. 15; without amendment (Rept. No. 111). Referred to the House Calendar.

Mr. HUDDLESTON: Committee on Interstate and Foreign Commerce. H.R. 5476. A bill to extend the times for commencing and completing the construction of a bridge across the Savannah River at or near Burtons Ferry, near Sylvania, Ga.; without amendment (Rept. No. 112). Referred to the House Calendar.

Mr. LEA of California: Committee on Interstate and Foreign Commerce. S. 1278. An act to amend an act (Public, No. 431, 72d Cong.) to identify The Dalles Bridge Co.; without amendment (Rept. No. 113). Referred to the House Calendar.

#### PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. CONDON (by request): A bill (H.R. 5553) to provide for the inspection of imported lobsters and to impose a tax thereon as a means of defraying the expense of such inspection and identifying such lobsters; to the Committee on Ways and Means.

By Mr. SIROVICH: A bill (H.R. 5554) to limit the life of a patent to a term commencing with the date of the application; to the Committee on Patents.

By Mr. HOEPEL: A bill (H.R. 5555) to restore the purchasing power and to renew the faith and confidence of the Federal employee in government, to uphold and support the President in his declaration for an increased wage scale, and for other purposes; to the Committee on Expenditures in the Executive Departments.

By Mr. HOWARD: A bill (H.R. 5556) to authorize the Secretary of the Interior to issue patents for lots to Indians within the Indian village of Taholah, on the Quinalt Indian Reservation, Wash.; to the Committee on Indian Affairs.

By Mr. CANNON of Wisconsin: A bill (H.R. 5557) to reduce the mileage of Senators, Representatives, and Delegates to 5 cents a mile; to the Committee on Expenditures in the Executive Departments.

By Mr. SNYDER: A bill (H.R. 5558) for the improvement of the Youghiogheny River watershed, Pennsylvania; to the Committee on Rivers and Harbors.

By Mr. DRIVER: Resolution (H.Res. 135) providing for the consideration of conference report on H.R. 4606, an act to provide for cooperation by the Federal Government with the several States and Territories and the District of Columbia in relieving the hardship and suffering caused by

unemployment, and for other purposes; to the Committee on Rules.

By Mr. GREENWOOD: Resolution (H.Res. 136) providing for the consideration of conference report on H.R. 3835, an act to relieve the existing national economic emergency by increasing agricultural purchasing power; to the Committee on Rules.

By Mr. JONES: Joint resolution (H.J.Res. 176) to amend subsection (3) of section 8 of the act entitled "An act to relieve the existing national economic emergency by increasing agricultural purchasing power to raise revenue for extraordinary expenses incurred by reason of such emergency, to provide emergency relief with respect to agricultural indebtedness, to provide for the orderly liquidation of joint-stock land banks, and for other purposes", by striking out the word "basic"; to the Committee on Agriculture.

By Mr. LANZETTA: Joint resolution (H.J.Res. 177) to provide repatriation of native-born women who are physically unable, through permanent disability, to travel from abroad, and for other purposes; to the Committee on Immigration and Naturalization.

By Mr. JONES: Concurrent resolution (H.Con.Res. 18) authorizing the Clerk of the House, in the enrollment of H.R. 3835, to strike out the word "basic" where it appears in subsection (3) of section 8; to the Committee on Agriculture.

#### MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the Legislature of the State of Wisconsin, memorializing Congress to support President Roosevelt's program relating to Muscle Shoals and in all his other recommendations; to the Committee on Military Affairs.

#### PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BRUNNER: A bill (H.R. 5559) granting a pension to Edward F. Lynch; to the Committee on Pensions.

By Mr. CALDWELL: A bill (H.R. 5560) granting a pension to Georgia J. Jackson; to the Committee on Invalid Pensions.

By Mr. SAMUEL B. HILL: A bill (H.R. 5561) for the relief of Herman Wulff; to the Committee on Military Affairs.

By Mr. LESINSKI: A bill (H.R. 5562) granting a pension to Myrtle Sills; to the Committee on Pensions.

Also, a bill (H.R. 5563) for the relief of Wayne M. Cotner; to the Committee on Claims.

Also, a bill (H.R. 5564) for the relief of Haroutiun Krikorian or Krikor Haroutunian; to the Committee on Claims.

By Mr. LUDLOW: A bill (H.R. 5565) providing for the payment of the findings reported by the Court of Claims in favor of Timothy C. Harrington for extra time; to the Committee on Claims.

By Mr. SNELL: A bill (H.R. 5566) for the relief of Gerald Mackey; to the Committee on Claims.

Also, a bill (H.R. 5567) for the allowance of certain claims for extra labor above the legal day of 8 hours at certain navy yards certified by the Court of Claims; to the Committee on Claims.

Also, a bill (H.R. 5568) for the relief of A. W. Duckett & Co., Inc.; to the Committee on Claims.

#### PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

928. By Mr. CULLEN: Petition of the Civil Service Forum, at a meeting in New York City, declaring that it is unalterably opposed to the recommendation of the Budget Director, which must surely result in men who have devoted their lives to the service of the Government at modest

salaries with no chance to accumulate wealth, hurriedly and almost without any opportunity to adjust their lives or living conditions, being subjected to such drastic curtailment of income; to the Committee on Appropriations.

929. By Mr. DONDERO: Petition of the Cook Nelson Post, No. 20, American Legion, Pontiac, Mich., recognizing the need for economy, has supported the President to the extent of a \$450,000,000 cut from veterans, but urge individually and as a post that no further reduction be made in the national defense by the abandoning of training of the National Guard, Officers' Reserve Corps, citizens' military training camps, reserve officers' training, and Naval Militia, and, further, that our national defenses be built up to the full limits of our 5-5-3 Treaty; to the Committee on Military Affairs.

930. Also, House Concurrent Resolution No. 63 of the Michigan State Legislature, adopted by both the house and senate, protesting against the elimination of the National Guard of Michigan's field training and armory training period to be cut to 24 drills instead of 48 per year, and maintaining that this act would mean the ultimate dispersion of the National Guard in the State of Michigan, etc.; to the Committee on Military Affairs.

931. By Mr. ELTSE of California: Assembly Joint Resolution No. 9, adopted March 16, 1933, by California Assembly, relative to memorializing Congress to adopt legislation with reference to manufacture of arms, munitions, and implements of war; to the Committee on Military Affairs.

932. Also, Assembly Joint Resolution No. 24, adopted March 24, 1933, by California Assembly, relative to memorializing the Congress of the United States to enact a moratorium on foreclosures of real property mortgages and on sales under deeds of trust on real property; to the Committee on the Judiciary.

933. By Mr. KENNEY: Petition of the Progress Club of Englewood, N.J., in a regular meeting assembled the 24th day of April 1933, protesting against the injustice being done to the Jews of Germany on the ground that it is contrary to the conduct of civilized nations of the world, in which the rights of minorities to an equal economic existence with the majorities is a bulwark of endurance; to the Committee on Foreign Affairs.

934. By Mr. LESINSKI: Concurrent resolution of the Michigan State Legislature, protesting against a change in the status of the National Guard of the State of Michigan; to the Committee on Appropriations.

935. Also, resolution passed by the Detroit City Council, urging passage of a bill permitting that cities be granted a moratorium on debts through Federal courts; to the Committee on the Judiciary.

936. By Mr. LINDSAY: Petition of Seaboard-Great Lakes Corporation, New York City, opposing House bill 3759; to the Committee on the Judiciary.

937. Also, petition of John J. Ott, chairman Kings County Home Mortgage Relief Committee, Brooklyn, N.Y., concerning the Home Owners Loan Act of 1933; to the Committee on Banking and Currency.

938. Also, petition of Civil Service Forum, New York City, opposing the 30-year retirement bill; to the Committee on Appropriations.

939. Also, petition of Atlantic Lighterage Corporation, New York City, opposing House bill 3759; to the Committee on the Judiciary.

940. Also, petition of Charles W. Schroeder, Jamaica, N.Y., urging support of House bill 5206, the Post Office substitutes bill; to the Committee on the Post Office and Post Roads.

941. Also, petition of Chamber of Commerce of the State of New York, New York City, opposing any further reduction in the armed forces of the United States; to the Committee on Military Affairs.

942. Also, petition of Chamber of Commerce of the United States, New York City, recommending Federal securities bill to establish Federal supervision of interstate traffic in investment securities be modified to relieve officers and directors of liability when they act upon expert opinion and advice and in good faith; that separate consideration be given in

the bill to temporary borrowings of corporations in order that its requirements will not hamper or prevent short-term financing; to the Committee on Interstate and Foreign Commerce.

943. By Mr. LUDLOW: Petition of the Beth-El Men's Club of Indianapolis, Ind., protesting against the treatment accorded Jews in Germany; to the Committee on Foreign Affairs.

944. Also, petition of Ruth Caplan and Morris Caplan, of Indianapolis, Ind., protesting against treatment of Jews in Germany; to the Committee on Foreign Affairs.

945. Also, petition of the Retail and Wholesale Meat Dealers of Indiana, favoring the immediate consideration of legislation placing adequate duties on all imports of animal, marine, and vegetable oils and fats, as well as the oil content of all raw materials from which such oils and fats are processed, and on hides and skins; to the Committee on Ways and Means.

946. By Mr. PATMAN: Petition of Louis Kaufman and 183 other ex-service men and taxpayers of Pittsburgh, Pa., urging the immediate payment of the adjusted-service certificates; to the Committee on Ways and Means.

947. By Mrs. ROGERS of Massachusetts: Petition of the City Council of Cambridge, Mass., memorializing Congress to enact House Joint Resolution 191 and Senate Joint Resolution 105 to commemorate the one hundred and fiftieth anniversary of the naturalization as an American citizen in 1783 and appointment of Bvt. Brig. Gen. Thaddeus Kosciuszko, a hero of the Revolutionary War, by issuing special series of postage stamps in honor of Gen. Thaddeus Kosciuszko sesquicentennial anniversary; to the Committee on the Judiciary.

948. Also, petition of the City Council of Cambridge, Mass., condemning all acts of persecution reported to be committed against the members of the Jewish faith in Germany, and urging the President and Congress to present these sentiments to the German Government; to the Committee on Foreign Affairs.

949. By Mr. RUDD: Petition of the Chamber of Commerce of the State of New York, opposing any further reduction in the armed forces of the United States; to the Committee on Military Affairs.

950. Also, petition of the Chamber of Commerce of the State of New York, favoring modification of Federal securities bill; to the Committee on Interstate and Foreign Commerce.

951. Also, petition of the Civil Service Forum, New York City, declaring that it is unalterably opposed to the recommendation as presented by the Director of the Budget, with reference to the retirement of Federal employees after 30 years' service; to the Committee on Appropriations.

952. Also, petition of the Seaboard-Great Lakes Corporation, Coast, Canal and Great Lakes Transportation, 21 West Street, New York City, opposing the passage of House bill 3739; to the Committee on the Judiciary.

953. Also, petition of John J. Ott, chairman, the Kings County Home Mortgage Relief Committee, a group of 41 organizations of Brooklyn, N.Y., favoring certain amendments to the home owners loan bill, Senate bill 1317; to the Committee on Banking and Currency.

954. Also, petition of board of managers of the Queensboro Tuberculosis and Health Association, Jamaica, N.Y., favoring amendment to the postage rate bill, now before the Senate, so that 2-cent rate will cover entire greater city of New York, now under the jurisdiction of four postmasters; to the Committee on Ways and Means.

955. Also, petition of New York Women's Trade Union League, 247 Lexington Avenue, New York City, favoring the passage of the Black bill, S. 153, 30-hour workweek; to the Committee on Labor.

956. By Mr. WITHROW: Memorial of the Legislature of the State of Wisconsin, memorializing the Congress to pass an act permitting cities, counties, and States to deposit their bonds with the Federal Government in exchange for currency; to the Committee on Banking and Currency.



957. Also, memorial of the Legislature of the State of Wisconsin, relating to an increase in the currency of the United States through calling in all Liberty and Victory bonds; to the Committee on Ways and Means.

958. By the SPEAKER: Petition of the League of Struggle for Negro Rights, favoring a law eliminating the abuses and denials of elementary democratic rights for the Negro people; to the Committee on the Judiciary.

## HOUSE OF REPRESENTATIVES

TUESDAY, MAY 9, 1933

The House met at 11 o'clock a.m.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

Thou whose name is "Wonderful Counselor", crown us with emancipated minds and aspiring hearts. With firm, abiding faith in Thee, give us the temper, the virtue, and the understanding to do the right. Order all our ways; and may we hope in Thee, whatever may betide. O satisfy us early with inward peace and inward light, and may we wait for the Lord more than we wait for the morning. Forgive our sins and bridge our weakness, and may we be made more noble through discipline and through Thy redeeming grace. Heavenly Father, increase our sense of the divine until Thy excellence, purity, and love appear in everything. In the name of Jesus, our Savior, we pray. Amen.

The Journal of the proceedings of yesterday was read and approved.

### JURISDICTION OF REVENUE BILLS

Mr. TREADWAY. Mr. Speaker, I ask unanimous consent to address the House for 5 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. TREADWAY. Mr. Speaker, on April 3 I introduced a resolution asking that a bill that had been passed by the Senate be returned to that body. The resolution which I introduced was explained at the time, and at the request of the majority leader it was referred, by unanimous consent the next day, to the Committee on the Judiciary for inquiry. During the discussion of its reference to the Committee on the Judiciary the importance of the resolution was made very apparent, and I quote from memory the majority floor leader when he said that, irrespective of the introduction of the Lewis bill, the question of the constitutional provision that I brought up should be decided by the Committee on the Judiciary before that legislation was considered.

The Lewis bill was introduced and is now known as the "Wagner-Lewis bill", and I suppose it is to be enacted today. In the meantime the resolution which I introduced has lain dormant in the Committee on the Judiciary or in the files of that committee. It is well known that a subcommittee was appointed to inquire into the merits of the case, and I understand that subcommittee agrees that the resolution should be adopted. I have inquired of different members of the Committee on the Judiciary why the delay of over a month in reporting to the House on such an important matter as that, and I can get no satisfaction. It seems to be a question of pigeonholing absolutely, because the members of the committee appear favorable to the adoption of the resolution; and, irrespective of whether there is pending today legislation with reference to the subject matter, the question of the constitutional provision such as is covered by Resolution 91 should be answered.

It certainly was the intention of the membership of the House that the Committee on the Judiciary should bring in a prompt report. Therefore I feel justified in offering a resolution of inquiry, which is privileged, and which I send to the Clerk's desk and ask for immediate consideration.

The SPEAKER. The Clerk will report the resolution.

The Clerk read as follows:

### House Resolution 137

Whereas on April 3, 1933, House Resolution 91 was submitted to this House for the return of the bill S. 812 to the Senate on

the ground that the said bill contravened the constitutional prerogative of this House to originate revenue bills; and

Whereas on April 4, 1933, the said resolution was, by unanimous consent, referred to the Committee on the Judiciary for report; and

Whereas the said Committee on the Judiciary has had the said resolution under consideration since the aforesaid date without having reported on the same; and

Whereas the said resolution raises a question involving a constitutional prerogative of the House of Representatives; and

Whereas it is of the greatest importance that the question raised by the said resolution be settled at the earliest possible moment in order to set at rest the particular question involved, which only the House itself can decide: Therefore be it

Resolved, That the Committee on the Judiciary be, and it is hereby, directed to make a report to this House upon the issue raised by House Resolution 91 within 5 legislative days from the date of the adoption of this resolution.

Mr. BYRNS. Mr. Speaker, reserving a point of order, I want to make a statement under the reservation. I think our good friend, the gentleman from Massachusetts [Mr. TREADWAY], has raised what is purely a moot question. We have entirely too much business before the House today to be spending our time considering something that has no bearing and will have no bearing even if that resolution is reported. My recollection of that resolution is that it was intended to apply to the Wagner bill.

Mr. TREADWAY. The question was involved in the Wagner bill, but not that alone.

Mr. BYRNS. But it referred to the Wagner bill and was intended to apply only to that bill, although it did raise, as the gentleman says, the constitutional question, necessarily; but the House has already passed the House bill. The conferees on several bills have presented conference reports, which are pending, and which I hope will be considered and adopted today. I submit that to pass that resolution now and to ask the Committee on the Judiciary to make a report upon a matter that is wholly a moot question is simply taking up the time of the House.

Now, I want to say to the gentleman that, of course, there is a way whereby he can get consideration of the constitutional question, so as to secure the attitude of the House with respect to these matters, but I do not think it should be brought up in this way, and that the House should be required to spend its time, or that a committee, which is engaged upon very important matters of pressing moment, should be asked to delay those matters while they consider something that has passed beyond the House and beyond the Congress.

I do not see the Chairman of the Committee on the Judiciary on the floor at the moment. The gentleman from Oklahoma [Mr. McKEOWN], a member of that committee, is present, but I think the gentleman from Massachusetts should have notified the chairman of the Committee on the Judiciary that he was going to bring this matter up today; but in justice to that committee I wish to say that that committee was at the time busily engaged in considering matters growing out of the impeachment of a judge in California. It had other important matters before it. A subcommittee was appointed upon this resolution. The full committee never got to its consideration until the House had taken formal action upon the House bill, which, of course, was clearly in order.

We have three rules for consideration today. We have 6 hours' general debate upon an appropriation bill, and I am fearful we will not be able to pass that before Thursday, even if we proceed with the utmost dispatch. Now, to meet at 11 o'clock and have this time taken up by a moot question is asking too much of the House, and I move to lay the resolution on the table.

Mr. TREADWAY. The gentleman has done that before. Will the gentleman yield for a moment?

Mr. BYRNS. I will yield for a moment.

Mr. TREADWAY. This is a very important question; it is too serious to be disposed of by laying it on the table. The decision of the House on a constitutional provision certainly is always applicable and proper and is not a moot question. Let me ask the gentleman one question.

Mr. BYRNS. I will change my statement. It is a moot resolution.